Dominion Lending Centres Inc.

2021 Annual Management Discussion & Analysis

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This Management's Discussion and Analysis ("MD&A") contains important information about the results of operations of Dominion Lending Centres Inc. ("we", "our", or the "Corporation") for the three months and year ended December 31, 2021, as well as information about our financial condition and future prospects. We recommend reading this MD&A, which has been prepared as of March 29, 2022, in conjunction with the 2021 audited annual consolidated financial statements ("financial statements"). These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Unless otherwise indicated, all amounts are presented in Canadian dollars.

When preparing our MD&A, we consider the materiality of information. Information is considered material if (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of our shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. We evaluate materiality with reference to all relevant circumstances, including potential market sensitivity.

As of December 31, 2021 the Corporation's class A common shares ("Common Shares") were listed on the TSX Venture Exchange (the "Exchange") and the Corporation's Common Shares were subsequently listed on the Toronto Stock Exchange on February 3, 2022 under the symbol "DLCG". Continuous disclosure materials are available on our website at www.dlcg.ca, and on SEDAR at www.sedar.com.

The Corporation's series 1 class B preferred shares (the "Preferred Shares") are non-voting, non-convertible and are not publicly traded.

OVERVIEW OF OUR BUSINESS

On January 1, 2021, the Corporation (previously Founders Advantage Capital Corp.), as the sole partner of Dominion Lending Centres LP ("DLC LP"), wound-up DLC LP. The Corporation then amalgamated with Dominion Lending Centres GP Inc. and then subsequently amalgamated with Dominion Lending Centres Inc. ("DLC Inc."), thereafter changing the name of the newly-amalgamated entity to Dominion Lending Centres Inc.

The Corporation is a Canadian mortgage brokerage franchisor and mortgage broker data connectivity provider with operations across Canada.

At December 31, 2021, the Corporation had two operating segments: the Core Business Operations segment and the Non-Core Business Asset Management segment.

Core Business overview

The Core Business Operations segment represents the core operations of the Corporation. These core operations are the business of mortgage brokerage franchising and mortgage broker data connectivity services across Canada, which is comprised of the DLC group of companies (the "DLC Group").

The DLC Group consists of the Corporation and its three main subsidiaries, being:

- MA Mortgage Architects Inc. ("MA");
- MCC Mortgage Centre Canada Inc. ("MCC"); and,
- Newton Connectivity Systems Inc. ("Newton").

(1) The Corporation acquired the remaining 30% of Newton on February 28, 2022

The Corporation's ownership interests remain consistent with the ownership interests held as at December 31, 2020. At December 31, 2020, DLC Inc. was a wholly-owned subsidiary of DLC LP.

On February 15, 2022 the Corporation entered into a purchase agreement with Next4 Holdings Inc. ("Next4") to acquire the remaining 30% of 10017078 Canada Inc. ("Newton Holdco") that the Corporation did not already own (the "Newton Acquisition") for an aggregate purchase price of $24.0 million (the "Purchase Price"). The Purchase Price was comprised of a cash payment of $16.9 million and the issuance of 1,853,247 Common Shares of the Corporation, having a deemed value of $3.85 per share (the "Share Consideration"). At December 31, 2021, the Corporation owned 70% of Newton Holdco and Newton Holdco owned 100% of the issued and outstanding shares of Newton. The Newton Acquisition closed on February 28, 2022. Refer to the Outlook section of this document for further information.

Mortgage Brokerage Franchising (DLC, MA and MCC)

The DLC Group is one of Canada's leading networks of mortgage professionals. The mortgage brokerage business of DLC is carried on under the DLC, MA, and MCC brands and has operations across Canada. The mortgage brokerage business' extensive network includes over 7,700 agents, 531 locations and $78.5 billion in mortgage origination during the year ended December 31, 2021. The franchise model provides secure long-term relationships with mortgage experts and the DLC Group provides world-class training, technology, marketing, recruitment and operational support to its franchises.

The mortgage brokerage business assists first time homebuyers, mortgage refinancers and renewals, and those unlocking equity through home equity lines of credit; as well as other mortgage related services. Mortgage experts originate mortgages but do not lend. DLC Group has had significant franchise and agent growth achieved through organic growth and ongoing recruiting efforts, with a strong pipeline for future growth opportunities.

The Corporation's franchising revenue is comprised of fees earned on the franchising of mortgage brokerage services (including franchising revenue and royalty income) and commissions generated on the brokering of mortgages. Franchising revenue from mortgage brokerages includes income from royalties, advertising and other monthly fees, and connectivity fee income.

Newton Connectivity Systems Inc.

Newton is a financial technology company which provides a secure all-in-one operating platform in Canada called Velocity. Velocity connects mortgage brokers to lenders and third parties. Newton provides end-to-end services to automate the entire mortgage application, approval, underwriting and funding process, along with additional services to provide brokers with the management of daily operations and access to data resources.

The operating platform provides services through various lender- and broker-facing products. Lender-facing products provide encrypted exchange networks to connect brokers with lenders and third parties. These include web-based services connecting brokers on Velocity to lenders and third-party suppliers, which allow for direct submission of mortgage applications to lenders and underwriting platforms to deliver digital credit applications from brokers to lenders. Broker-facing products provide deal-management tools and services, including automatically managing the brokers' revenue and distributions through Velocity; with additional services to match lender-verified products to a client's criteria, and automation of the payroll process. Further, Newton provides services to third-party users through the Velocity platform, ranging from consumer credit reports to borrower banking information.

Newton earns revenues primarily from three streams:

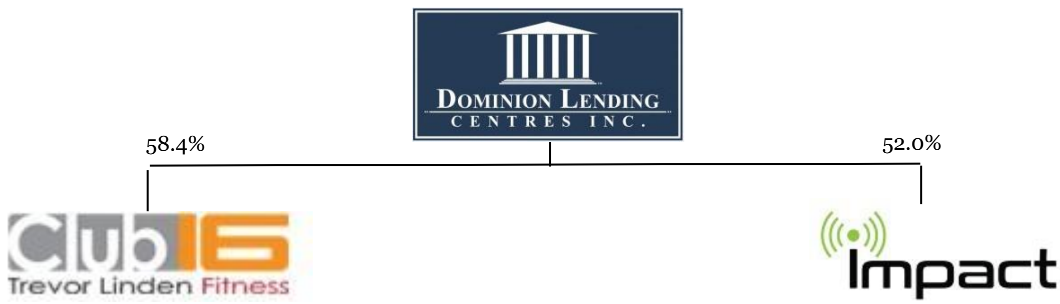
- fees paid by Canadian lenders based on funded volumes of mortgages;
- monthly subscription fees from non-DLC Group brokers; and
- third-party supplier fees on a transaction basis.

As the Corporation held a controlling 70% ownership interest in Newton at December 31, 2021, its financial results are consolidated and included within the Core Business Operations' operating results.

Since 2017, Newton has been party to an agreement with a third-party connectivity provider (the "Host"), whereby Newton is obligated to fund a minimum annual mortgage volume through the Host's connectivity infrastructure. Newton earns revenues as a percentage of the mortgage volumes funded through the Host. The agreement expires at the end of June 2022. With the expiration of the agreement, the DLC Group may elect to submit more transactions direct to lenders using Newton's own infrastructure.

Non-Core Business Asset Management overview

The Corporation is the successor entity to Founders Advantage Capital Corp., a public investment company. As such, the Corporation continues to own certain assets relating to the former investment operations. The Non-Core Business Asset Management segment represents the Corporation's share of income in its equity-accounted investments in Club16 Limited Partnership ("Club16") and Cape Communications International Inc. ("Impact") (collectively, the "Non-Core Assets"); the expenses, assets and liabilities associated with managing the Non-Core Assets; the Junior Credit Facility; the former Sagard credit facility; and public company costs. The Corporation's ownership interests as at December 31, 2021, in the Non-Core Assets remain consistent with the ownership interests held as at December 31, 2020.

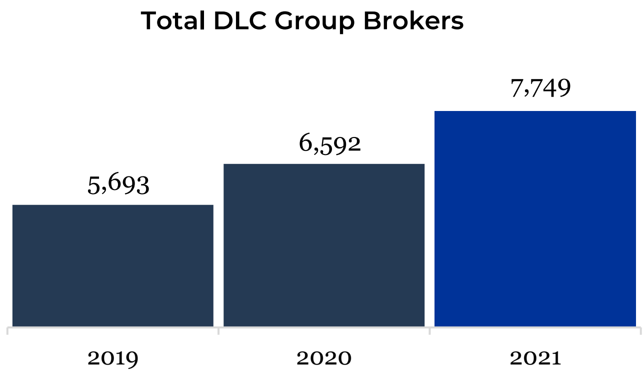


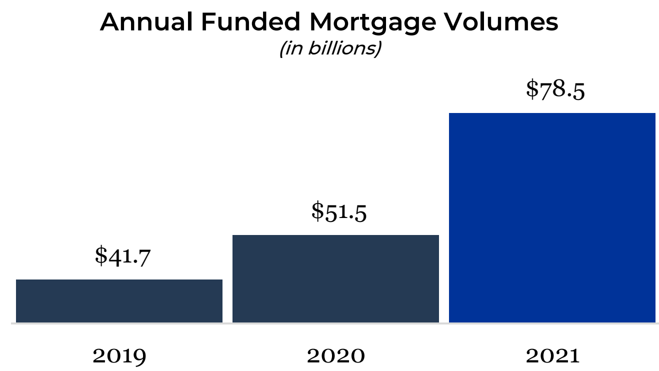
USE OF NON-IFRS FINANCIAL PERFORMANCE MEASURES

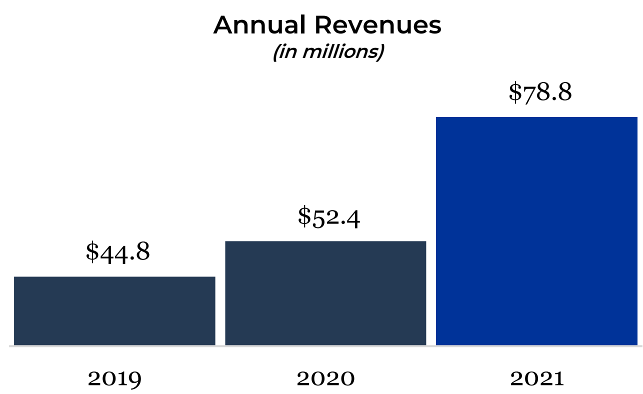
This MD&A includes certain non-IFRS financial measures which we use as supplemental indicators of our operating performance. These non-IFRS measures do not have any standardized meaning, and therefore are unlikely to be comparable to the calculation of similar measures used by other companies and should 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. Please see the Non-IFRS Financial Performance Measures section. Non-IFRS financial performance measures used in our MD&A include adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA"), adjusted EBITDA margin, adjusted net income, adjusted earnings per share, and free cash flow attributable to common shareholders.

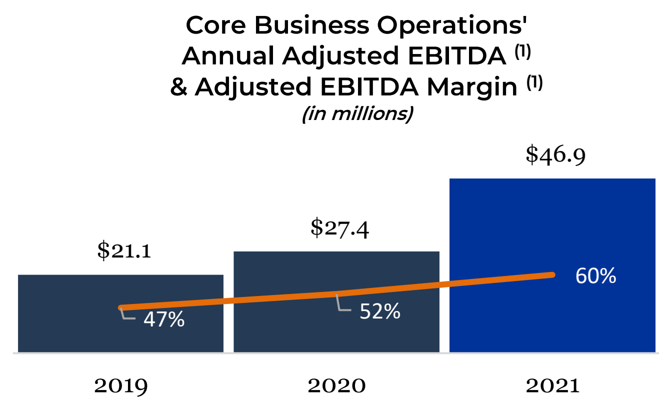
2021 OVERVIEW

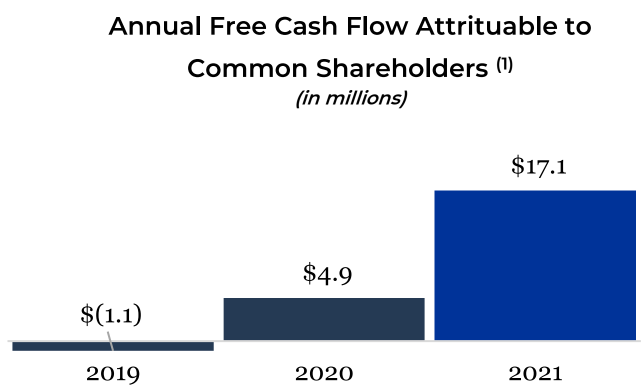
The Core Business Operations continue to grow both organically and through recruiting and acquisition efforts. The following are notable performance highlights within the Core Business Operations for the years ended December 31.

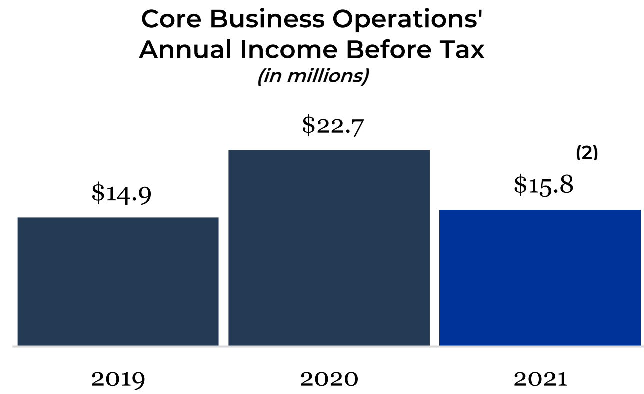












(1) Please see the Non-IFRS Financial Performance Measures section of this document for additional information.
(2) Core Business Operations' income before tax for the year ended December 31, 2021 includes $26.5M of non-cash finance expense on the Preferred Share liability.

2021 FINANCIAL HIGHLIGHTS

Below are the financial results highlights for the three months and year ended December 31, 2021. The results for the comparative periods 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 months and year ended December 31, 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 (loss) income and diluted earnings per Common Share.

	Three months ended December 31,			Year ended December 31,		
(in thousands, except per share)	**2021**	2020	Change	**2021**	2020	Change
Revenues	**$ 21,266**	$ 17,477	22%	**$ 78,816**	$ 52,413	50%
Income from operations	**9,127**	5,152	77%	**37,387**	18,248	105%
Adjusted EBITDA [1]	**10,538**	7,917	33%	**43,882**	25,214	74%
Free cash flow attributable to common shareholders [1]	**3,528**	2,401	47%	**17,137**	4,929	248%
Net (loss) income	**(5,463)**	22,643	NMF [2]	**(3,943)**	25,559	NMF [2]
Net (loss) income from continuing operations	**(5,463)**	18,690	NMF [2]	**(3,943)**	23,871	NMF [2]
Net income from discontinued operations	**-**	3,953	NMF [2]	**-**	1,688	NMF [2]
Net (loss) income attributable to:						
Common shareholders	**(5,721)**	20,851	NMF [2]	**(5,508)**	20,037	NMF [2]
Non-controlling interests	**258**	1,792	(86%)	**1,565**	5,522	(72%)
Adjusted net income [1]	**1,771**	2,034	(13%)	**9,973**	7,544	32%
Diluted (loss) earnings per Common Share	**(0.12)**	0.54	NMF [2]	**(0.12)**	0.53	NMF [2]
Adjusted earnings (loss) per Common Share [1]	**$ 0.03**	$ (0.01)	NMF [2]	**$ 0.18**	$ 0.01	NMF [2]

(1) Please see the Non-IFRS Financial Performance Measures section of this document for additional information.
(2) The percentage change is Not a Meaningful Figure ("NMF").

	Three months ended December 31,			Year ended December 31,		
(in thousands)	**2021**	2020	Change	**2021**	2020	Change
Adjusted EBITDA [1]						
Core Business Operations	**$ 11,823**	$ 8,653	37%	**$ 46,868**	$ 27,376	71%
Non-Core Business Asset Management	**(1,285)**	(736)	(75%)	**(2,986)**	(2,162)	(38%)
Total Adjusted EBITDA [1]	**$ 10,538**	$ 7,917	33%	**$ 43,882**	$ 25,214	74%

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

Highlights

The Corporation had a net loss for the three months and year ended December 31, 2021, compared to net income in the same periods in the previous year, primarily due to finance expense on the Preferred Share liability and an increased net loss in the Non-Core Business Asset Management segment due to the recognition of the deferred tax asset during 2020, partly offset by higher DLC Group revenues from an increase in funded mortgage volumes. The Corporation did not have discontinued operations during the year ended December 31, 2021, compared to income from discontinued operations during the year ended December 31, 2020.

Adjusted net income decreased during the three months ended December 31, 2021 compared to the same period in the prior year, primarily from higher general administrative expenses and higher direct costs, partly offset by increased DLC Group revenues from higher funded mortgage volumes. During the year ended December 31, 2021, adjusted net income increased compared to the previous year, primarily from increased DLC Group revenues from higher funded mortgage volumes.

Adjusted EBITDA increased for the three months and year ended December 31, 2021 from increased revenues from higher funded mortgage volumes. The increase in adjusted EBITDA contributed to increased free cash flow attributable to common shareholders during the three months and year ended December 31, 2021, when compared to 2020.

RESULTS OF OPERATIONS

CONSOLIDATED RESULTS

Below is selected financial information from our three months and year ended December 31, 2021 consolidated financial results from continuing operations. See the Accounting Policies section of this MD&A and notes to our December 31, 2021 financial statements for accounting policies and estimates as they relate to the following discussion. A reconciliation of our reportable segments to our consolidated results presented in this table can be found in the Segmented Results from Continuing Operations section.

	Three months ended December 31,			Year ended December 31,		
(in thousands)	**2021**	2020	Change	**2021**	2020	Change
Continuing Operations						
Revenues	**$ 21,266**	$ 17,477	22%	**$ 78,816**	$ 52,413	50%
Operating expenses (1)	**12,139**	12,325	(2%)	**41,429**	34,165	21%
Income from operations	**9,127**	5,152	77%	**37,387**	18,248	105%
Other (expense) income, net	**(12,799)**	(914)	NMF	**(32,542)**	(5,186)	NMF
(Loss) income before tax	**(3,672)**	4,238	NMF	**4,845**	13,062	(63%)
Add back:						
Depreciation and amortization	**979**	1,062	(8%)	**4,130**	4,312	(4%)
Finance expense	**2,999**	1,299	131%	**6,808**	5,700	19%
Finance expense on the Preferred Share liability	**9,675**	-	-%	**26,543**	-	-%
Other adjusting items (2)	**557**	1,318	(58%)	**1,556**	2,140	(27%)
Adjusted EBITDA (2)	**$ 10,538**	$ 7,917	33%	**$ 43,882**	$ 25,214	74%

(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.

See the Liquidity section of this MD&A for information on the changes in cash and cash equivalents and working capital deficiency.

	As at December 31,	
(in thousands, except shares outstanding)	**2021**	2020
Cash and cash equivalents	**$ 20,886**	$ 10,316
Working capital (deficiency)	**$ (23,807)**	$ (15,544)
Total assets	**$ 253,925**	$ 260,194
Total loans and borrowings (1)	**$ 36,466**	$ 40,778
Total non-current liabilities	**$ 155,514**	$ 167,285
Total Preferred Shares liability (2)	**$ 118,460**	$ 105,685
Shareholders' equity	**$ 31,740**	$ 49,467
Common Shares outstanding	**46,357,841**	46,653,941
Preferred Shares outstanding	**26,774,054**	26,774,054

(1) Net of debt issuance costs.
(2) Net of transaction costs.

SEGMENTED RESULTS FROM CONTINUING OPERATIONS

We discuss the results of the two reportable segments as presented in our December 31, 2021, financial statements: Core Business Operations and Non-Core Business Asset Management.

The Core Business Operations segment represents the core operations of the Corporation. These core operations are the business of mortgage brokerage franchising and mortgage broker connectivity services across Canada.

The Non-Core Business Asset Management segment includes the Corporation's interest in the Non-Core Assets; the expenses, assets and liabilities associated with management of the Non-Core Assets; the Junior Credit Facility; the former Sagard credit facility; and public company costs.

The performance of our reportable segments is assessed based on revenues, income from operations and adjusted EBITDA. Adjusted EBITDA is a supplemental measure of the segments' income (loss) before tax in which depreciation and amortization, finance expense, share-based payment expense and unusual or one-time items are added back to the segment's income (loss) from operations to arrive at each segment's adjusted EBITDA. Please see the Non-IFRS Financial Performance Measures section of this document for additional information.

Our reportable segment results reconciled to our consolidated results are presented in the table below. The segmented information for the comparative three months and year ended December 31, 2020 exclude discontinued operations results from the Non-Core Assets. The current period results for the three months and year ended December 31, 2021 include the Non-Core Assets as equity-accounted investments within the Non-Core Business Asset Management segment.

	Three months ended December 31,			Year ended December 31,		
(in thousands)	**2021**	2020	Change	**2021**	2020	Change
Revenues						
Core Business Operations	**$ 21,266**	$ 17,477	22%	**$ 78,816**	$ 52,413	50%
Consolidated revenues	**21,266**	17,477	22%	**78,816**	52,413	50%
Operating expenses (1)						
Core Business Operations	**10,862**	10,397	4%	**37,940**	30,418	25%
Non-Core Business Asset Management	**1,277**	1,928	(34%)	**3,489**	3,747	(7%)
Consolidated operating expenses	**12,139**	12,325	(2%)	**41,429**	34,165	21%
Income (loss) from operations						
Core Business Operations	**10,404**	7,080	47%	**40,876**	21,995	86%
Non-Core Business Asset Management	**(1,277)**	(1,928)	34%	**(3,489)**	(3,747)	7%
Consolidated income from operations	**9,127**	5,152	77%	**37,387**	18,248	105%
Adjusted EBITDA (2)						
Core Business Operations	**11,823**	8,653	37%	**46,868**	27,376	71%
Non-Core Business Asset Management	**(1,285)**	(736)	(75%)	**(2,986)**	(2,162)	(38%)
Consolidated Adjusted EBITDA (2)	**10,538**	7,917	33%	**43,882**	25,214	74%

(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.

Core Business Operations

	Three months ended December 31,			Year ended December 31,		
(in thousands, except KPIs)	**2021**	2020	Change	**2021**	2020	Change
Revenues	**$ 21,266**	$ 17,477	22%	**$ 78,816**	$ 52,413	50%
Operating expenses (1)	**10,862**	10,397	4%	**37,940**	30,418	25%
Income from operations	**10,404**	7,080	47%	**40,876**	21,995	86%
Other (expense) income, net	**(9,433)**	525	NMF	**(25,049)**	729	NMF
Income before tax	**971**	7,605	(87%)	**15,827**	22,724	(30%)
Add back:						
Depreciation and amortization	**973**	1,058	(8%)	**4,111**	4,295	(4%)
Finance expense	**65**	61	7%	**265**	391	(32%)
Finance expense on the Preferred Share liability	**9,675**	-	-%	**26,543**	-	-%
Other adjusting items	**139**	(71)	NMF	**122**	(34)	NMF
Adjusted EBITDA (2)	**11,823**	8,653	37%	**46,868**	27,376	71%
Key Performance Indicators ("KPIs")						
Funded mortgage volumes (3)	**20,557**	17,545	17%	**78,481**	51,486	52%
Number of franchises (4)	**531**	554	(4%)	**531**	554	(4%)
Number of brokers (4)	**7,749**	6,592	18%	**7,749**	6,592	18%
% of funded mortgage volumes submitted through Velocity	**50%**	28%	79%	**44%**	24%	83%

(1) Operating expenses are comprised of direct costs, general and administrative expenses, and depreciation and amortization expense.
(2) Please see the Non-IFRS Financial Performance Measures section of this document for additional information.
(3) Funded mortgage volumes are presented in millions and are a key performance indicator for the segment that allows us to measure performance against our operating strategy.
(4) The number of franchises and brokers are as at the respective period end date (not in thousands).

The Core Business Operations includes the operating results of the DLC Group's mortgage brokerage franchise operations and mortgage broker data connectivity services. Results may vary from quarter to quarter because of seasonal fluctuations within normal home buying seasons. This typically results in higher revenues in the months of June through September of each year, and results in lower revenues during the months of January through March. Broker count increased in 2021 compared to 2020, largely due to the DLC Group's continued efforts to deliver on its recruiting efforts, which also contributed to increased funded mortgage volumes in 2021.

Three-month highlights

The DLC Group's revenues increased during the three months ended December 31, 2021 when compared to the same three months in the prior year, largely attributable to an increase in royalty and related ancillary revenues and higher Newton revenues from growth in DLC Group's funded mortgage volumes. The increase in funded mortgage volumes is driven by growth across all three brands, achieved through franchise recruitment efforts and overall mortgage funding activity.

The segment's operating expenses for the three months ended December 31, 2021 increased over the same three months in the prior year, with higher direct costs of $0.3 million and higher general and administrative expenses of $0.3 million, partly offset by lower depreciation and amortization expense of $0.1 million. The increase in direct costs is primarily from an increase in franchise recruiting and support costs in alignment with the Corporation's continued recruiting efforts. Additionally, the increase in general and administrative expenses is primarily from an increase in personnel costs from higher performance-based bonuses and additional employees, partly offset by a decrease in advertising expense, as the Corporation's payout of its obligation for events that were cancelled in previous years due to COVID-19 resulted in a recovery as the amounts paid were less than the accrued amount during the three months ended December 31, 2020.

Other expenses increased over the same three months in the prior year primarily from finance expense on the Preferred Share liability. The Preferred Share liability is revalued at the end of each reporting period based on discounted estimated future Dividend Entitlements (as defined herein) to the Preferred Shareholders. Refer to the Preferred Share Liability section of this document for further information.

Income from operations and adjusted EBITDA increased in the current period, compared to the three months ended December 31, 2020, from an increase in revenues from higher funded mortgage volumes, partly offset by a increase in operating expenses.

Annual highlights

The DLC Group's revenues increased during the year ended December 31, 2021 when compared to the prior year, largely attributable to an increase in royalty and related ancillary revenues and higher Newton revenues from growth in DLC Group funded mortgage volumes. The increase in funded mortgage volumes is driven by growth across all three brands, achieved through franchise recruitment efforts and overall mortgage funding activity.

The segment's operating expenses for the year ended December 31, 2021 increased over the prior year, primarily attributable to higher general and administrative expenses and direct costs of $4.5 million and $3.2 million, respectively. The increase in general and administrative expenses is primarily from an increase in personnel costs from higher performance-based bonuses and additional employees, and higher professional fees and information technology costs, and is partly offset by a decrease in advertising costs, as the Corporation's payout of its obligation for events that were cancelled in previous years due to COVID-19 resulted in a recovery as the amounts paid were less than the accrued amount during the year ended December 31, 2020. The increase in direct costs is primarily from an increase in advertising fund expenditures due to timing of advertising initiatives and increased cost of royalty revenue in alignment with increased funded mortgage volumes.

Other expenses increased during the year ended December 31, 2021 compared to the prior year primarily from finance expense on the Preferred Share liability. The Preferred Share liability is revalued at the end of each reporting period based on the discounted estimated future Dividend Entitlements to the Preferred Shareholders. Refer to the Preferred Share Liability section of this document for further information.

Income from operations and adjusted EBITDA increased in the current year compared to the year ended December 31, 2020 from an increase in revenues from higher funded mortgage volumes, partly offset by an increase in operating expenses.

Newton Connectivity Systems

The DLC Group has grown broker adoption of Velocity during the year ended December 31, 2021. The increase in the DLC Group's broker adoption of Velocity has contributed to increased funded mortgage volumes that were submitted through Velocity during the three months and year ended December 31, 2021. Newton's agreement to submit volume to lenders via a third-party Host expires June 30, 2022, after which Newton will predominantly use its own connectivity bridges to submit transactions to lenders and will receive the full payment from lenders (as opposed to the current arrangement with the Host).

Non-Core Business Asset Management

(in thousands)	Three months ended December 31, 2021	2020	Change	Year ended December 31, 2021	2020	Change
Operating expenses (1)	**$ 1,277**	$ 1,928	(34%)	**$ 3,489**	$ 3,747	(7%)
Loss from operations	**(1,277)**	(1,928)	34%	**(3,489)**	(3,747)	7%
Other (expense) income, net	**(3,366)**	(1,439)	(134%)	**(7,493)**	(5,915)	(27%)
Loss before tax	**(4,643)**	(3,367)	(38%)	**(10,982)**	(9,662)	(14%)
Add back:						
Depreciation and amortization	**6**	4	50%	**19**	17	12%
Finance expense	**2,934**	1,238	137%	**6,543**	5,309	23%
Share-based payments	**526**	1,256	(58%)	**1,107**	1,655	(33%)
Foreign exchange gain	**(212)**	(248)	15%	**(257)**	(78)	(229%)
Acquisition, integration and restructuring costs	**104**	14	NMF	**243**	286	(15%)
Other adjusting items	**-**	367	NMF	**341**	311	NMF
Adjusted EBITDA (2)	**(1,285)**	(736)	(75%)	**(2,986)**	(2,162)	(38%)
Repayments on the Sagard credit facility (3)	**$ 31,757**	$ 987	NMF	**$ 39,281**	$ 2,478	NMF

(1) Operating expenses comprise of 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.
(3) Please see the Capital Resources section of this document for further details on the Sagard credit facility.

The following are included in the above operating expenses:

(in thousands)	Three months ended December 31, 2021	2020	Change	Year ended December 31, 2021	2020	Change
General and administrative	**$ 745**	$ 668	12%	**$ 2,363**	$ 2,075	14%
Share-based payments	**526**	1,256	(58%)	**1,107**	1,655	(33%)
Depreciation and amortization	**6**	4	50%	**19**	17	12%
Operating expenses	**$ 1,277**	$ 1,928	(34%)	**$ 3,489**	$ 3,747	(7%)

Other (expense) income, net includes the following:

(in thousands)	Three months ended December 31, 2021	2020	Change	Year ended December 31, 2021	2020	Change
Finance expense	**$ (2,934)**	$ (1,238)	(137%)	**$ (6,543)**	$ (5,309)	(23%)
Foreign exchange gain	**212**	248	(15%)	**257**	78	229%
Loss from equity-accounted investments	**(648)**	-	-%	**(880)**	-	-%
Other	**4**	(449)	NMF	**(327)**	(684)	52%
Other (expense) income, net	**$ (3,366)**	$ (1,439)	(134%)	**$ (7,493)**	$ (5,915)	(27%)

On December 22, 2021, the Corporation entered a new credit facility with Toronto-Dominion Bank ("TD") (see the Capital Resources section for full details). The new TD credit facility included a Junior Credit Facility for $32.0 million that was used to facilitate the repayment of all indebtedness under the Sagard credit facility. The early extinguishment of the Sagard credit facility resulted in an interest penalty fee of $1.1 million which will be offset by future interest savings under the new TD credit facility.

Three-month highlights

Operating expenses decreased during the three months ended December 31, 2021 compared to the prior year's quarter primarily from lower share-based payments expense. The decrease in share-based payments expense was due to fewer RSUs outstanding as at December 31, 2021 compared to December 31, 2020 for amounts settled during 2021 and due to share price movement relative to the third quarter.

Other expenses for the three months ended December 31, 2021 increased when compared to the prior year's quarter primarily from higher finance expense due to interest penalty fees of $1.1 million and accelerated amortization of debt-issuance costs for the early extinguishment of the Sagard credit facility, loss from equity-accounted investments, and lower foreign exchange gain. The increased expenses are partly offset by higher other income as the Corporation recognized a write-down of its non-equity-accounted investment in 2020, and none in 2021. The Corporation was exposed to foreign exchange risk on its Sagard credit facility which it had partially mitigated through foreign exchange forward contracts. Please refer to the Market Risk section of this document for further information on foreign exchange.

Loss from equity-accounted investments for the Non-Core Business Asset Management segment relates to the Corporation's portion of loss and income from its investments in Club16 and Impact, respectively. The comparative period income from the Non-Core Assets is classified as discontinued operations. Club16's net loss during the three months ended December 31, 2021 was $1.2 million ($0.7 million allocated to the Corporation) compared to a net loss (excluding the gain on valuation of equity-accounted investment) of $1.6 million for the three months ended December 31, 2020. Impact's net income during the three months ended December 31, 2021 was $0.1 million ($64 thousand allocated to the Corporation) compared to a net loss (excluding the gain on valuation of equity-accounted investment) of $0.4 million for the three months ended December 31, 2020.

Annual highlights

Operating expenses decreased for the year ended December 31, 2021, compared to the same period in the prior year, primarily due to lower share-based payments expense from a lower number of RSUs outstanding at December 31, 2021 compared to December 31, 2020, as RSUs were settled during 2021; this was partly offset by an increase in general and administrative expense from higher personnel costs.

Other expenses for the year ended December 31, 2021 increased when compared to the prior year primarily from higher finance expense due to interest penalty fees of $1.1 million and accelerated amortization of debt issuance costs for the early extinguishment of the Sagard credit facility, loss from equity-accounted investments, and higher foreign exchange gain. The expense increases over the prior year are partly offset by as the fact that the Corporation recognized a write-down of its non-equity-accounted investment in 2020, and none in 2021. The Corporation was exposed to foreign exchange risk on its Sagard credit facility which it had partially mitigated through foreign exchange forward contracts. Please refer to the Market Risk section of this document for further information on foreign exchange.

Loss from equity-accounted investments for the Non-Core Business Asset management segment relates to the Corporation's portion of loss and income from its investments in Club16 and Impact, respectively. The comparative period loss and income from the Non-Core Assets is classified as discontinued operations. Club16's net loss during the year ended December 31, 2021 was $2.1 million ($1.2 million allocated to the Corporation) compared to $4.2 million net loss (excluding the gain on valuation of equity-accounted investment) for the year ended December 31, 2020. Impact's net income during the year ended December 31, 2021 was $0.6 million ($0.3 million allocated to the Corporation) compared to $28 thousand net loss (excluding the gain on valuation of equity-accounted investment) for the year ended December 31, 2020.

SUMMARY OF QUARTERLY RESULTS

Selected unaudited financial data published for our operations during the last eight quarters are as follows. The continuing operations results for the comparatives exclude discontinued operations results from the Non-Core Assets. The quarterly results for the 2021 fiscal year 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 (loss) income and net earnings (loss) per Common Share.

(in thousands except per share amounts)	Dec. 31, 2021	Sept. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020	Mar. 31, 2020
Revenues	**21,266**	22,346	21,316	13,888	17,477	14,069	11,369	9,498
Income from continuing operations	**9,127**	12,519	10,741	5,000	5,152	6,472	3,567	3,057
Adjusted EBITDA (1)	**10,538**	12,823	13,502	7,019	7,917	8,106	5,144	4,047
Net (loss) income	**(5,463)**	1,012	608	(100)	22,643	5,045	(413)	(1,716)
Adjusted net income	**1,771**	3,730	4,245	227	2,034	3,572	1,067	871
Net (loss) income attributable to:								
Common shareholders	**(5,721)**	496	203	(486)	20,851	2,082	(697)	(2,199)
Non-controlling interests	**258**	516	405	386	1,792	2,963	284	483
Adjusted net income (loss) attributable to: (1)								
Common shareholders	**1,513**	3,214	3,840	(159)	(290)	1,247	(296)	(141)
Non-controlling interests	**258**	516	405	386	2,324	2,325	1,363	1,012
Net (loss) earnings per Common Share:								
Basic	**(0.12)**	0.01	0.00	(0.01)	0.55	0.05	(0.02)	(0.06)
Diluted	**(0.12)**	0.01	0.00	(0.01)	0.54	0.05	(0.02)	(0.06)
Adjusted net earnings (loss) per Common Share: (1)								
Diluted	**0.03**	0.07	0.08	(0.01)	(0.01)	0.03	(0.01)	-

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

Quarterly trends and seasonality

Funded mortgage volumes are subject to seasonal variances that move in line with the normal home buying seasons which are typically highest from June through September. Revenues have generally increased over the last eight quarters, attributable to an increase in the DLC Group's funded mortgage volumes.

Income from continuing operations for the three months ended December 31, 2021 decreased over the three months ended September 30, 2021, primarily due to a decrease in revenues and an increase in operating expenses. Revenues decreased from lower funded mortgage volumes due to seasonality, as the home buying season typically results in higher revenues during the second and third quarter of the year. Operating expenses increased from higher direct costs associated with an increase in advertising fund expenses due to timing of expenditures and increased franchise recruiting costs, and higher general and administrative expenses. General and administrative expenses increased primarily from higher personnel costs. The Non-Core Business Asset Management also incurred higher operating expenses, primarily from share-based payments expenses in the fourth quarter compared to a recovery in the third quarter, due to a higher share price at December 31, 2021 than September 30, 2021.

OUTLOOK

The information in this section is forward-looking and should be read in conjunction with the Cautionary Note Regarding Forward-Looking Information section.

Core Business Operations

During 2021, the Corporation continued to grow its funded mortgage volumes and its adoption of Velocity by DLC Group brokers. The Core Business Operations' operating results for the year ended December 31, 2021 demonstrates the success of its growth initiatives, which are reflected in the material growth in adjusted EBITDA and funded mortgage volumes when compared to the year ended December 31, 2020 of 71% and 52%, respectively. Further, to date, the Core Business Operations' has been successful in its growth initiatives by increasing the number of DLC Group brokers by 18% during the year ended December 31, 2021 when compared to the year ended December 31, 2020.

In 2022, the Corporation will continue to focus on market penetration and expanding its network of mortgage brokers and franchises through targeted recruiting initiatives. After the Newton Acquisition, Newton will continue to focus on growing its submission volumes through Velocity, extending Velocity's delivery channels, and increasing its number of third-party users. Further, the Newton agreement with a third-party connectivity provider, whereby Newton is obligated to fund a minimum annual mortgage volume through the Host's connectivity infrastructure, is set to expire at the end of June 2022. With the expiration of the agreement, the DLC Group may elect to submit more transactions direct to lenders using Newton's own infrastructure.

Additionally, we continue to focus on developing innovative products similar to the 2021 First Responder Mortgage Program – that enable DLC Group brokers to offer unique products to consumers. Through these initiatives, we expect funded mortgage volumes and royalty and related ancillary revenues to grow from both existing franchises and from securing new franchises, as well as higher connectivity revenue from higher funded mortgage volumes and new long-term contracts to mitigate any negative impact, if housing market activity reverts to traditional levels going forward.

Newton Acquisition

The Newton Acquisition was funded through the Core Business Operations' credit facility. On February 28, 2022, the Corporation entered into an amending agreement with TD, whereby the Corporation increased its Acquisition Facility by $24.0 million. An aggregate of $16.9 million was drawn on the Acquisition Facility to pay the vendors the cash consideration at closing and an aggregate of $7.1 million was drawn on the Acquisition Facility to transfer to the Corporation's Non-Core Business Asset Management segment as compensation for the issuance of the Share Consideration (which amount was paid against the Corporation's Junior Credit Facility with TD). As such, the Newton Acquisition results in net additional borrowings of $16.9 million, with borrowings by the Corporation's Core Business Operations increasing by $24.0 million and borrowings by the Corporation's Non-Core Business Asset Management segment decreasing by $7.1 million. With the issuance of the Share Consideration, the adjustments between the Core Business Operations and the Non-Core Business Asset Management segment were necessary to make the Corporations' Non-Core Business Asset Management segment whole for the Share Consideration paid to Next4. Refer to the Capital Resources section of this document for further information on the Corporation's credit facilities.

As Geoff Willis (President of Newton) and Kevin Dear (Vice-President of Newton) are both directors and indirect 25% shareholders of Next4, the Newton Acquisition is a related-party transaction.

Non-Core Business Asset Management Segment

During 2021, the Corporation continued to streamline the business through the restructuring of our existing credit facilities and utilizing our available financial resources to return capital to shareholders through our normal course issuer bid. We fully repaid the Sagard credit facility during the year ended December 31, 2021, from free cash flow and from funds drawn on our new Junior Credit Facility (see Capital Resources section for additional details). The restructuring of our existing credit facilities will result in interest savings in 2022 compared to 2021.

Through 2022, our focus will be to continue to reduce Non-Core Business Asset Management Segment debt through repayments on the Junior Credit Facility from free cash flow, and we will continue to assess our expenditures in order to maintain our lower general and administrative costs. The Corporation also launched a Substantial Issuer Bid ("SIB") that closed on January 11, 2022; the Corporation acquired and cancelled an aggregate 1,781,790 Common Shares for a total cost of $6.7 million.

We expect to continue to maintain our ownership interest in Club16 and Impact in 2022.

COVID-19

The impacts on the mortgage brokerage industry during the year ended December 31, 2021 may have resulted in increased mortgage activity as a result of decreased mortgage rates and a shift in consumer behaviour as a result of work-from-home initiatives.

The Corporation's credit facilities are subject to a floating interest rate based on prime. While the pandemic has resulted in a lower prime rate, the continuation of the lower prime rate through 2022 is likely to depend on the duration of the pandemic and other economic factors.

It is challenging to predict the full extent and duration of the economic impact of the outbreak and management cannot reasonably estimate the financial and operational impacts of COVID-19.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

	As at December 31,			
(in thousands)		**2021**		2020
Cash and cash equivalents	**$**	**20,886**	$	10,316
Trade and other receivables		**17,990**		13,977
Prepaid expenses and deposits		**1,564**		1,651
Notes receivable		**343**		531
Accounts payable and accrued liabilities		**(46,884)**		(24,128)
Current portion of loans and borrowing		**(1,233)**		(7,410)
Deferred contract liability		**(1,129)**		(900)
Current portion –lease obligation		**(436)**		(417)
Current portion – Preferred Share liability		**(14,908)**		(9,164)
Net working capital deficit	**$**	**(23,807)**	$	(15,544)

Our capital strategy is aligned with our business strategy and is focused on ensuring that we have sufficient liquidity to fund our operations, service our debt obligations, grow Newton's technology platform, fund future franchise recruiting opportunities and drive organic revenue growth in the Core Business Operations to increase growth in free cash flow.

Our principal sources of liquidity are cash generated from the Core Business Operations and borrowings under credit facilities. Our primary uses of cash are for operating expenses, franchise recruitment, debt repayment, and debt servicing costs. At this time, management is not anticipating a material liquidity deficiency that would affect its short- and long-term objectives of meeting the Corporation's obligations as they come due.

As at December 31, 2021 we had a higher consolidated cash position and a higher net working capital deficit when compared to December 31, 2020. Our sources and uses of cash are described below.

The increase in working capital deficit from the comparative period is primarily due to increased accounts payable and accrued liabilities from increased commissions payable outstanding and an accrued liability for the Corporation's obligation under the SIB, as well as a higher current Preferred Share liability; the increase is partly offset by higher cash and increased trade and other receivables due to timing of receipt of payments. Our credit facilities are discussed in greater detail in the Capital Resources section. The Preferred Share liability is discussed further in the Preferred Shares section. While we have a working capital deficit, management does not anticipate liquidity deficiency. The Corporation recognized a $11.3 million liability for the SIB, representing the maximum aggregate of the SIB; in January 2022, $6.7 million was validly tendered under the SIB. The tendered $6.7 million was funded by the DDTL Facility subsequent to

December 31, 2021 (as defined in the "Capital Resources" section below) and the Preferred Share liability represents a discounted estimate of the future Dividend Entitlements and will be paid from future cash flows, excluding these amounts, there is positive working capital.

Working capital may fluctuate from time to time based on seasonality or timing based on the use of cash and cash resources to fund operations. The Corporation has credit facilities to support the operations and working capital needs and fluctuations. See the Capital Resources section. The Corporation's ability to maintain sufficient liquidity is driven by the operations of the Core Business Operations and allocation of resources.

At December 31, 2021 we have several financial commitments (see Commitments under the Commitments and Contingencies section of this MD&A for further information), which will require that we have various sources of capital to meet the obligations associated with these commitments. The Corporation anticipates it will be able to fund these commitments through its existing financing and cash flows from operations.

The effect of COVID-19 on the Corporation's Non-Core Assets will impact earnings and could impact cash flows of the Corporation; however, the course of the COVID-19 pandemic is highly uncertain. The ultimate impact of the pandemic on the Corporation's future operations and financial performance is currently unknown and will be dependent upon several unpredictable factors outside of the knowledge and control of management, including: the duration and severity of the pandemic; the impact of the pandemic on economic growth and financial and capital markets; and governmental responses and restrictions. These uncertainties may continue to persist beyond the point where the initial outbreak of the COVID-19 virus has subsided.

The Corporation was in compliance with the financial covenants contained in its borrowing facilities as at December 31, 2021. These covenants are described under the Capital Resources section of this document.

SOURCES AND USES OF CASH

The following table is a summary of our consolidated statement of cash flow:

		Year ended December 31,		
(in thousands)		**2021**		2020
Cash provided by operating activities	**$**	**39,061**	$	33,190
Cash used in investing activities		**(4,759)**		(13,777)
Cash used in financing activities		**(23,745)**		(14,460)
Increase in cash and cash equivalents		**10,557**		4,953
Impact of foreign exchange on cash and cash equivalents		**13**		(95)
Cash and cash equivalents, beginning of year		**10,316**		5,458
Cash and cash equivalents, end of year	**$**	**20,886**	$	10,316

Operating activities

The increase in cash provided by operating activities for the year ended December 31, 2021 was primarily related to cash flows generated by the Core Business Operations of $46.7 million (compared to $30.5 million in the prior year), partially offset by Non-Core Business Asset Management requirements of $7.7 million (compared to $7.3 million in the prior year), which are primarily related to finance expense, general and administration costs, and restructuring costs. Cash provided by operating activities for the year ended December 31, 2020 included cash flows from Club16 and Impact of $8.8 million and $1.2 million, respectively.

Investing activities

The cash used in investing activities for the year ended December 31, 2021 consisted of investments in intangible assets of $4.9 million primarily for franchise recruiting and renewals within Core Business Operations and distributions paid to non-controlling interests of $0.9 million, partly offset by distributions from equity-accounted investments (net of contributions) of $1.1 million.

The cash used in investing activities for the year ended December 31, 2020 consisted primarily of distributions paid to non-controlling interest unitholders of $6.1 million, investments in intangible assets of $5.2 million within Core Business

Operations, Club16's investment in capital assets of $3.5 million, and cash included in the Non-Core Assets which were moved to equity-accounted investments of $0.5 million, partly offset by a capital contribution from a non-controlling interest shareholder into Club16 of $1.0 million and distributions from the Core Business Operations' equity investment of $0.6 million.

Financing activities

Cash used in financing activities for the year ended December 31, 2021 consisted primarily of debt repayments on the Sagard credit facility of $39.3 million, Interim Dividends paid to the Preferred Shareholders of $13.8 million from the Core Business Operations, debt repayments on the Core Business Operations' term debt of $9.1 million, a payment of $2.4 million for the settlement of the foreign exchange forward contracts, repurchased Common Shares under the Normal Course Issuer Bid ("NCIB") of $0.9 million and lease payments of $0.6 million. These decreases to cash were partly offset by proceeds net of debt issuance costs from the Non-Core Business Asset Management segments' draw on the Junior Term Facility of $30.4 million and a draw on the Core Business Operations' Senior Term Facility of $11.9 million.

Cash used in financing activities for the year ended December 31, 2020 consisted primarily of debt repayments of $8.1 million on the Core Business Operations, debt repayments on the Sagard credit facility of $2.5 million, repayments on Club16's facilities of $2.0 million, and net payments for lease commitments of $4.9 million. Offsetting the cash used in financing activities were proceeds of $1.6 million from debt financing on Club16 facilities and $1.5 million of proceeds received by Non-Core Business Asset Operations for the settlement of the foreign exchange forward contract.

Distributions to the Non-Core Business Asset Management segment

Non-Core Business Asset Management uses 60% of the defined cash flows retained from the Core Business Operations and cash received from the Non-Core Assets to fund its operating expenses and financing costs. During the year ended December 31, 2021 Non-Core Business Asset Management retained 60% of the defined cash flows from the Core Business Operations of $20.7 million and received $0.7 million of distributions from Impact (December 31, 2020—$7.6 million received from the Core Business Operations and Non-Core Assets).

CAPITAL RESOURCES

Our capital structure is composed of total shareholders' equity, and loans and borrowings, less net cash and cash equivalents. The following table summarizes our capital structure at December 31, 2021 and December 31, 2020.

	As at December 31,			
(in thousands)		**2021**		2020	Change
Loans and borrowings	**$**	**36,466**	$	40,778	(11%)
Less: cash and cash equivalents		**20,886**		10,316	102%
Net loans and borrowings	**$**	**15,580**	$	30,462	(49%)
Shareholders' equity	**$**	**31,740**	$	49,467	(36%)

Loans and borrowings

	As at December 31,			
(in thousands)		**2021**		2020
Core Business Operations				
Revolving facility	**$**	**-**	$	-
Acquisition facility		**6,165**		-
DDTL facility		**-**		-
Term loan facilities (single draw)		**-**		3,263
Non-Core Business Asset Management				
Junior Credit Facility		**30,648**		-
Sagard credit facility		**-**		39,132
		36,813		42,395
Debt issuance costs		**(347)**		(1,617)
Total loans and borrowings	**$**	**36,466**	$	40,778

On December 22, 2021, the Corporation entered into a new credit facility agreement with TD, which is comprised of three senior term credit facilities (collectively, the "Senior Credit Facilities") and a junior term credit facility (the "Junior Credit Facility"). The Senior Credit Facilities are held within the Core Business Operations and the Junior Credit Facility is held within the Non-Core Business Asset Management segment. All facilities mature on December 22, 2024.

Quarterly financial covenants for all facilities include the requirement to maintain an adjusted total debt-to-EBITDA ratio of less than 2.75:1.00 and an interest coverage ratio of not less than 3.00:1.00. At December 31, 2021, the Corporation's adjusted total debt-to-EBITDA ratio and interest coverage ratio were 1.00:1.00 and 212.62:1.00, respectively. At December 31, 2021, the Corporation was in compliance with all such covenants.

Core Business Operations

Senior Credit Facilities

As at December 31, 2021, the Senior Credit Facilities provided the Corporation with a $5.0 million revolving working capital credit line (the "Revolving Facility"), a $10.0 million revolving acquisition credit line (the "Acquisition Facility"), and a $20.0 million term loan to fund the Corporation's SIB dated December 1, 2021 and a pro rata (40%) dividend to Preferred Shareholders (the "DDTL Facility"). The Senior Credit Facilities have a three-year term and are secured by a first charge over all of the Core Business Operations segments' assets. The proceeds from the Senior Credit Facilities were used to: (i) replace the current credit facilities for the Core Business Operations; (ii) provide the Corporation with the necessary funding to complete the SIB; and (iii) provide the Preferred Shareholders with dividends in an amount equal to their pro rata share of the borrowings used to fund the SIB.

Borrowings under the Senior Credit Facilities are comprised of floating-rate advances or Canadian banker acceptances ("BA"). Floating rate advances bear interest at a rate equal to prime plus 0.00% to 0.50%. BAs bear interest at a rate determined at the time of their acceptance plus a stamping fee of 1.75% to 2.25%. As at December 31, 2021, the outstanding Senior Credit Facilities were solely floating rate advances with annual interest rate at prime.

As at December 31, 2021, $1.2 million of the balance outstanding on the Acquisition facility is classified as current.

Previous Facilities

Prior to entering into the new TD credit facilities in December 2021, the Corporation held term facilities (multiple-draw and single-draw facilities) and revolving operations facilities. The revolving operations facility and multiple-draw facilities had no amounts drawn at December 31, 2020. The single-draw term loan facility had $3.3 million drawn at December 31, 2020. Annual financial covenants for the facilities included the requirement to maintain a debt service charge ratio of not less than 1.05:1.00 and a debt-to-EBITDA ratio of less than 3.75:1.00. At December 31, 2020, the Corporation's debt service charge ratio and debt-to-EBITDA ratio were 6.06:1.00 and 1.21:1.00, respectively.

Non-Core Business Asset Management

Junior Credit Facility

As at December 31, 2021, the Junior Credit Facility provided the Corporation with a $32.0 million term loan to facilitate the repayment of all indebtedness of the Corporation under the previous Sagard credit facility and to terminate the foreign exchange forward contracts. The Junior Credit Facility has a three-year term and is secured by a first charge over all of the Non-Core Business segments' assets and a junior security interest over the Core Business segments' assets (subject to certain security-sharing rights of the Preferred Shareholders).

Borrowings under the Junior Credit Facility are comprised of floating rate advances or BAs. Floating rate advances bear interest at a rate equal to prime plus 0.75% to 1.25%. BAs bear interest at a rate determined at the time of their acceptance plus a stamping fee of 2.50% to 3.00%. As at December 31, 2021, the Junior Credit Facility was solely a floating-rate advance and bore annual interest at prime plus 0.75%.

As the Corporation's repayments on the Junior Credit Facility are voluntary, the full amount outstanding at December 31, 2021 is classified as long-term.

Sagard Credit Facility

During the year ended December 31, 2021, the Corporation fully repaid its Sagard credit facility; the Corporation made repayments on the Sagard credit facility of CAD $39.3 million (USD $30.7 million) (December 31, 2020—CAD $2.5 million (USD $1.9 million)). Quarterly financial covenants in the Sagard credit facility included the requirement to maintain a fixed charge coverage ratio of not less than 1.00:1.00 and a total leverage ratio of not greater than 3.75:1.00. The Corporation's fixed charge coverage ratio and total leverage ratio at December 31, 2020 were 1.29:1.00 and 2.46:1.00, respectively.

PREFERRED SHARES

The Corporation is authorized to issue an unlimited number of non-voting, non-convertible series 1, class B preferred shares (the "Preferred Shares"). The Preferred Shares are not publicly traded. The Preferred Shares are a liability as the Corporation has an unavoidable obligation to pay dividends on the Preferred Shares into perpetuity. The holders of the Preferred Shares (the "Preferred Shareholders") are entitled to dividends equal to 40% of Core Business Distributable Cash ("Dividend Entitlement"), as defined in the Preferred Share terms, which represents cash generated by Core Business Operations after spending what is required to maintain or expand the current asset base. To match cash flows, capital expenditures are deducted from the Dividend Entitlement when incurred or when the debt is repaid for any amounts financed from debt.

The Preferred Shares were initially measured at their fair value net of any directly-attributable transaction costs and are subsequently recognized at amortized cost. The fair value of the Preferred Shares was determined using an income approach based on the estimated future Dividend Entitlement of the Preferred Shareholders. The Preferred Share liability is revised for any changes in the estimated future Dividend Entitlement at the end of each reporting period using an income approach based on the initial discount rate applied (15.2%), the change in the time-value of money (reflected as accretion expense), and dividends paid to the Preferred Shareholders. The change in the Dividend Entitlement cash flow estimates is reflected as a revaluation recovery or expense. The revaluation recovery or expense and accretion expense are non-cash items, recognized on the condensed consolidated statements of (loss) income within finance expense on the Preferred Share liability.

The Dividend Entitlement is a contractual measurement as defined in the Preferred Share terms, representing 95% of the total of the Core Business Operations': adjusted cash flows from operating activities, cash flows used in investing activities, adjusted cash flows from financing activities, taxes attributable, and any other adjustments approved by the Board of the Corporation and the majority Preferred Shareholder. The Preferred Shareholders are entitled to an annual dividend equal to 40% of the defined cash flows and the remaining 60% is retained for use in the Non-Core Business Asset Management segment. The Corporation pays Interim Dividends to the Preferred Shareholders in an amount determined by the Board of the Corporation that represents a good-faith estimate of the monthly instalment of the Dividend Entitlement, which may be more or less than actual Dividend Entitlement based on seasonality. During the year ended December 31, 2021, the Corporation paid Interim Dividends to the Preferred Shareholders of $13.8 million (December 31, 2020—$nil), and the Dividend Entitlement attributable to Preferred Shareholders was $14.8 million (December 31, 2020—$nil); resulting in a Dividend Entitlement payable to the Preferred Shareholders at December 31, 2021 of $1.0 million, included in the Preferred Share liability (December 31, 2020—$nil).

The Preferred Shareholders are further entitled, in the event of a liquidation or winding-up of the Corporation's assets and property, or the sale of the Core Business Operations, to receive the amount equal to any accrued but unpaid Dividend Entitlement plus an amount equal to 40% of the net proceeds of any liquidation event on the sale of the Core Business Operations. The Preferred Shareholders will not be entitled, upon liquidation, dissolution or winding up of the Corporation or on the sale of any part of the Non-Core Assets, to share in any proceeds received by the Corporation from the disposition of the Non-Core Assets.

A summary of activity in the period is as follows:

	Number of Preferred Shares		Amount
Balance at December 31, 2020 (1)	26,774,054	$	105,685
Dividends paid	-		(13,768)
Finance expense on the Preferred Share liability	-		26,543
Balance at December 31, 2021 (1)	**26,774,054**	**$**	**118,460**

(1) Net of transaction costs.

(in thousands)	Three months ended December 31, 2021	Three months ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2020
Accretion expense on the Preferred Share liability	**$ 4,407**	$ -	**$ 16,708**	$ -
Revaluation expense on the Preferred Share liability	**5,268**	-	**9,835**	-
Finance expenses on the Preferred Share liability	**$ 9,675**	$ -	**$ 26,543**	$ -

The 2021 accretion expense represents the change in the time-value of money at the initial discount rate applied (15.2%). The 2021 revaluation expense was due to an increase in the Preferred Share liability from changes in the estimated future Dividend Entitlement. The increase in estimated future Core Business Operation's earnings increased the expected future Dividend Entitlement, which resulted in an increase in the Preferred Share liability. The increase in our expected Core Business Operations' future cash flows was largely due to higher revenues from higher expected funded mortgage volumes based on our performance during the year ended December 31, 2021.

SHARE CAPITAL

As of March 29, 2022 and December 31, 2021, the Corporation had 46,429,298 and 46,357,841 Common Shares outstanding, respectively (December 31, 2020—46,653,941) and 26,774,054 Preferred Shares outstanding (December 31, 2020—26,774,054).

As at March 29, 2022 there were outstanding stock options to purchase 75,000 Common Shares with an exercise price of $3.00, and 2,078,568 lender warrants with an exercise price of $1.4375. There were no options issued in the year ended December 31, 2021 or December 31, 2020.

Normal Course Issuer Bid

The Corporation implemented a normal course issuer bid on January 13, 2021 (the "NCIB"). The NCIB had a twelve-month duration, commencing on January 18, 2021 and ending on January 17, 2022. Purchases of Common Shares under the NCIB were affected through the facilities of the Exchange or alternative Canadian trading systems at the market price at the time of purchase. Under the NCIB, the Corporation was allowed to purchase up to 2,332,697 Common Shares, representing 5% of the Corporation's issued and outstanding Common Shares. The Corporation cancelled any Common Shares purchased pursuant to the NCIB. Purchases of Common Shares under the normal course issuer bid were completed using available working capital. Any shareholder may obtain, for no charge, a copy of the notice in respect of the NCIB filed with the Exchange by contacting the Corporate Secretary of the Corporation at 403-455-2218.

During the year ended December 31, 2021, the Corporation made repurchases under the NCIB of 296,100 Common Shares at an average price of $3.20 per Common Share. The repurchased shares were cancelled and returned to treasury.

Substantial Issuer Bid

The Corporation implemented a substantial issuer bid ("SIB"), commencing on December 1, 2021 and expiring on January 11, 2022. The Corporation offered to purchase up to 3,000,000 Common Shares from the common shareholders at a price of $3.75 per share. As the SIB was outstanding at December 31, 2021, and the Corporation was committed to purchase up to 3,000,000 Common Shares, the Corporation recognized a liability for the maximum aggregate of the SIB of $11.3 million, with the offset to share capital. At January 11, 2022, 1,781,790 Common Shares were validly tendered to the SIB for an aggregate cost of $6.7 million, which were cancelled and returned to treasury. At completion of the SIB purchases, the Corporation had 44,576,051 Common Shares outstanding. To fund the purchase of the tendered Common Shares under the SIB, subsequent to December 31, 2021, the Corporation drew $7.6 million on its DDTL Facility, of which $4.6 million was used by the Corporation to fund the SIB and $3.0 million was paid as a pro rata (40%) dividend to the Preferred Shareholders. The Corporation used cash on hand to fund the balance of $2.1 million to complete the purchase of tendered shares under the SIB. The remaining $12.4 million credit available under the $20.0 million DDTL facility was cancelled.

Newton Acquisition

On February 28, 2022, the Corporation issued 1,853,247 Common Shares as the Share Consideration pursuant to for the Newton Acquisition. Refer to the Outlook section of this document for further information.

COMMITMENTS AND CONTINGENCIES

COMMITMENTS

The following table summarizes the payments due in the next five years and thereafter in respect to our contractual obligations. See notes 9, 13, 14, 15 and 26 of the consolidated financial statements for more information.

(in thousands)	Less than 1 year	1–3 years	4–5 years	After 5 years	Total
Accounts payable and accrued liabilities	$ 46,884	$ -	$ -	$ -	**$ 46,884**
Loans and borrowings (1)	1,233	33,114	2,466	-	**36,813**
Long-term accrued liabilities	-	1,521	20	-	**1,541**
Leases (2)	605	982	251	-	**1,838**
Preferred Share liability (3)	14,908	10,723	27,447	65,669	**118,747**
	$ 63,630	$ 46,340	$ 30,184	$ 65,669	**$ 205,823**

(1) Gross of debt issuance costs.
(2) Undiscounted lease payments.
(3) Gross of transaction costs.

Consulting agreement

In February 2020, the Core Business Operations renewed a consulting agreement whereby the Corporation has agreed to incur an annual amount of $0.2 million, paid quarterly, for consulting services related to promotional support. The consulting agreement expired in January 2022.

Service agreements

The Core Business Operations has an agreement with a software development company to develop and support a customized mortgage application ("app"). The agreement is a related party transaction due to common management between the Core Business Operations and the service provider. The service agreement expires in March 2023.

The Core Business Operations has contracts with external dealers to recruit franchises and has a commitment to pay these dealers a commission for the franchise royalties earned by such franchises. Commissions are earned based on a percentage of franchise revenue earned and are accrued at the date it is earned. During 2018, a contract with a dealer was terminated, resulting in a loss on contract settlement of $28 thousand and $0.6 million for the three months and year ended December 31, 2021 (December 31, 2020—($0.1) million gain and $0.1 million loss).

Constructive obligations

In response to COVID-19, the Core Business Operations cancelled its annual Manulife Protection Plan Retreat ("MPPR") in 2020 and 2021. The MPPR is a reward for the Core Business Operations' top performing brokers. The cancelled event represents a constructive obligation, whereby the Core Business Operations is obligated to provide a future event to qualified individuals in lieu of cancelled retreats. During the year-ended December 31, 2021 the Corporation cash settled the obligation related to the 2020 and 2021 retreats and accrued an obligation for the 2022 retreat at December 31, 2021 of $0.2 million (December 31, 2020—$1.0 million).

Contingencies

In the normal course of operations, the Corporation and its Non-Core Assets may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions. The outcome of outstanding, pending, or future proceedings cannot be predicted with certainty. As the outcomes of the claims are not determinable, no provision for settlement has been made in the consolidated financial statements.

In July 2021, the Core Business Operations was served with a Notice of Civil Claim (the "Civil Claim") filed in the Supreme Court of British Columbia by a franchisee and its principal (collectively, the "Claimant"). Pursuant to the Civil Claim, the Claimant alleges various misconduct by the Corporation as a franchisor, all of which the Corporation denies. The Claimant is seeking certification of the Civil Claim under the Class Proceedings Act (British Columbia) and is seeking statutory damages for breach of the Franchise Act (British Columbia) and recission of franchise agreements between DLC and the potential class members. It is the Corporation's assessment that the Civil Claim is without merit, and as a result no provision has been recorded in these financial statements for the year ended December 31, 2021.

In February 2019, the Core Business Operations received a statement of claim (the "Claim") filed in the Ontario Superior Court of Justice by two individual plaintiffs (the "Plaintiffs"). The Plaintiffs are seeking certification of the Claim under the Class Proceedings Act (Ontario) and are seeking an order for damages of $800 million. The Claim relates to a product called Mortgage Protection Plan ("MPP"), which is a mortgage creditor insurance product underwritten by The Manufacturers Life Insurance Company ("Manulife"), formerly administered by Benesure Canada Inc. ("Benesure") and offered through Credit Security Insurance Agency Inc. ("CSIA"). The Claim alleges that Benesure is an unlicensed insurer and that the Core Business Operations is liable for distributing the MPP product through the DLC Group's network. The Corporation is contractually indemnified from Benesure, Manulife and CSIA for any costs, expenses, damages or liability arising from the offering of MPP through the DLC Group's network of brokers. It is the Corporation's assessment that the Claim is without merit (and includes an indemnification) and as a result, no provision has been recorded in the Corporation's financial statements for the year ended December 31, 2021 (December 31, 2020—$nil). We note that Benesure, Manulife and other parties were subject to a BC class action lawsuit commenced in 2013 relating to the MPP product which failed to be certified in 2016. In November, 2020, the Supreme Court of British Columbia did certify the class (as all residents of Canada that purchased the MPP product, except for residents of Quebec) and ordered that the settlement agreement reached by the parties was binding on the class (the "November 2020 Decision"). The November 2020 Decision is a favourable development for the Corporation as the Claim against the Corporation is expected to be resolved by the class settlement agreement. The November 2020 Decision was appealed. In January 2022, the Court of Appeal for British Columbia dismissed the MPP Plaintiff's application for leave to appeal and upheld the November 2020 Decision. Since serving the Corporation with the original claim in February 2019, the MPP Plaintiffs have not taken any further actions to advance their claim against the Corporation.

OFF-BALANCE SHEET ARRANGEMENTS

We did not have any off-balance sheet arrangements at December 31, 2021 or March 29, 2022 not disclosed or discussed previously.

DISCONTINUED OPERATIONS

On December 31, 2020, the Corporation amended its shareholder agreements with the minority shareholders of Club16 and Impact. The shareholder agreements were amended to reduce the number of Board of Director (the "Board") seats by one seat in each entity, resulting in joint control of the board of each entity. Our ownership interest remained the same in Club16 and Impact at 58.4% and 52.0%, respectively. As a result, the Corporation disposed of the previous parent-subsidiary relationship on December 31, 2020. The financial results of Club16 and Impact for the comparative three months and year ended December 31, 2020 are segregated in the consolidated statements of (loss) income as discontinued operations. See Note 24 of the financial statements.

Club16

	December 31, 2020	
(in thousands)	**Three months ended**	**Year ended**
Revenues	$ 6,663	$ 23,801
Operating expenses (1)	7,740	27,204
Loss from operations	(1,077)	(3,403)
Other expenses, net	(476)	(1,077)
Loss before tax	(1,553)	(4,480)
Current tax expense	-	-
Deferred tax (expense) recovery	(7)	251
	(7)	251
Gain on valuation of equity accounted investment	2,803	2,803
Income (loss) from discontinued operations	$ 1,243	$ (1,426)

(1) Operating expenses are comprised of direct costs, general and administrative expenses, and depreciation and amortization expense.

Impact

	December 31, 2020	
(in thousands)	**Three months ended**	**Year ended**
Revenues	$ 2,114	$ 8,644
Operating expenses (1)	2,147	8,423
(Loss) income from operations	(33)	221
Other expenses, net	(405)	(195)
(Loss) income before tax	(438)	26
Current tax expense	(74)	(326)
Deferred tax recovery	80	272
	6	(54)
Gain on valuation of equity accounted investment	3,142	3,142
Income from discontinued operations	$ 2,710	$ 3,114

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

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

FINANCIAL INSTRUMENTS

Our financial risk management policies have been established to identify and analyze risks that we face, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. We employ risk management strategies to ensure our risks and related exposures are consistent with our business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for our risk management framework, our management has the responsibility to administer and monitor these risks.

We are exposed in varying degrees to a variety of risks from the 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, we are exposed to risks that arise from their use, including market risk, credit risk and liquidity risk. This section describes our objectives, policies and processes for managing these risks and the methods used to measure them.

Our financial instrument classifications as at December 31, 2021 is as follows.

(in thousands)		Carrying value		Fair value	Classification
Financial assets					
Investments	**$**	**246**	**$**	**246**	Fair value through profit or loss
Financial liabilities					
Loans and borrowings		**(36,466)**		**(36,466)**	Amortized cost

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 risk is comprised of foreign exchange risk and interest rate risk.

Foreign exchange risk

The Corporation's exposure to foreign exchange fluctuations is limited to the balances in its USD bank accounts. At December 31, 2021, the cash balance is USD $0.3 million (CAD $0.3 million), compared to USD $0.3 million (CAD $0.3 million) at December 31, 2020. At December 31, 2021, the Corporation is no longer exposed to foreign exchange risk on debt or interest expense, as the Sagard credit facility has been fully repaid. At December 31, 2020, the Corporation had USD loans and borrowing of USD $30.7 million (CAD $39.1 million). A 10% strengthening of the U.S. dollar against the Canadian dollar would result in a $32 thousand decrease in income before tax for the year ended December 31, 2021 (December 31, 2020—$1.2 million decrease).

The corporation's foreign exchange gain is comprised of foreign exchange fluctuations on our USD bank accounts, USD loans and borrowings, USD interest expense (together, "foreign exchange (loss) gain on debt"), and foreign exchange fluctuations on our USD foreign exchange forward contracts ("change in the fair value of foreign exchange contracts"), as follows:

	Three months ended December 31,				Year ended December 31,			
(in thousands)		**2021**		2020		**2021**		2020
Foreign exchange (loss) gain on debt	**$**	**(312)**	$	1,780	**$**	**(183)**	$	621
Change in fair value of foreign exchange contracts		**522**		(1,534)		**430**		(562)
Foreign exchange gain	**$**	**210**	$	246	**$**	**247**	$	59

To manage the Corporation's foreign exchange exposure on its former USD loan, the Corporation had entered into foreign exchange forward contracts up to USD $25.0 million. During the year ended December 31, 2021, the Corporation unwound its USD $24.0 million foreign exchange forward contracts, which were entered into from April 2021 to June 2021, at forward rate of $1.383 for a net payment to the counterparty of $2.4 million. The Corporation recognized a net realized loss on the change in fair value of the foreign exchange forward contract of $2.2 million during the year ended December 30, 2021.

During the year ended December 31, 2020, the Corporation unwound its USD $15.0 million foreign exchange forward contract, which was entered into in December 2019, at a forward rate of $1.442 for net proceeds of $1.5 million. The Corporation recognized a net realized gain on the change in fair value of the foreign exchange forward contract during the year ended December 30, 2020 of $2.1 million.

The Corporation's change in fair value of the foreign exchange contracts consists of unrealized gains (losses) and realized (losses) gains as follows:

(in thousands)	Three months ended December 31, 2021	2020	Year ended December 31, 2021	2020
Unrealized gain (loss)	**$ 2,715**	$ (1,534)	**$ 2,623**	$ (2,623)
Realized (loss) gain	**(2,193)**	-	**(2,193)**	2,061
Change in fair value of foreign exchange contracts	**$ 522**	$ (1,534)	**$ 430**	$ (562)

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. We are exposed to interest rate risk on our variable rate loans and borrowings. A 1% change in the interest rates on the loans and borrowings would result in a $0.3 million decrease of income before tax for the year ended December 31, 2021 (December 31, 2020—$0.7 million).

CREDIT RISK

As at December 31, 2021 $0.3 million (December 31, 20209—$0.3 million) of our trade receivables are greater than 90 days' outstanding and total expected credit losses as at December 31, 2021 is $0.4 million (December 31, 2020—$0.4 million). A decline in economic conditions, or other adverse conditions, could lead to reduced revenue and gross margin, and could impact the collectability of 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)	As at December 31, 2021	2020
Cash and cash equivalents	**$ 20,886**	$ 10,316
Trade and other receivables	**18,292**	14,987
Notes receivable	**343**	531
	$ 39,521	$ 25,834

LIQUIDITY RISK

Liquidity risk is the risk that we will not meet our financial obligations as they fall due. We manage this risk by continually monitoring our actual and projected cash flows to ensure there is sufficient liquidity to meet our financial liabilities when they become due. See the Consolidated Liquidity and Capital Resources section of this MD&A for further discussion on our liquidity risk.

The Corporation's objective when managing its capital is to safeguard its ability to continue as a going concern, so that it generates returns for shareholders, expands business relationships with stakeholders, and identifies risk and allocates its capital accordingly. There can be no guarantee that the Corporation will continue to generate sufficient cash flow from operations to meet required interest and principal payments. Further, the Corporation is subject to the risk that any of its existing indebtedness may not be able to be refinanced upon maturity or that the terms of such financing may not be as favorable as the terms of its existing indebtedness.

The credit facilities contain several financial covenants that require the Corporation to meet certain financial ratios and condition tests. A failure to comply with the obligations in the credit facilities could result in a default which, if not cured or waived, may permit acceleration of the relevant indebtedness. If the indebtedness under the credit facilities were to be accelerated, there can be no assurance that the assets of the Corporation would be sufficient to fully repay our indebtedness.

BUSINESS RISKS AND UNCERTAINTIES

The following is a brief discussion of the factors which may have a material impact on our future business or financial performance. We are subject to several risks and uncertainties and those described below are not the only risks and uncertainties we face. Additional risks and uncertainties not currently known or currently deemed immaterial may also adversely impact future business or financial performance, and such impact may be material. Additional risk factors are also set out in our Annual Information Form dated March 29, 2022 (available on SEDAR).

Given the nature of our investment activities, the results of operations and our financial condition are dependent upon the financial condition and performance of the businesses comprising our investments. The performance of these businesses can be affected by the general market conditions that affect a segment and by specific factors that impact the underlying businesses.

Canadian real estate market

The performance of DLC Group is dependent upon the number of mortgage brokers working in DLC's franchise network and the volume of mortgages brokered by such brokers. The number of mortgage brokers is in turn ultimately dependent on the health of the Canadian real estate market and the level of transactions therein, particularly in the residential segment. The Canadian real estate market is affected by changes in general and local economic conditions such as: regulatory changes, inflation, interest rates, employment levels, availability and cost of financing for home buyers, competitive and market demand dynamics in key markets, the supply of available new or existing homes for sale, and overall housing prices. Any change in such factors may put downward pressure on the Canadian real estate market, the number of mortgage brokers or the aggregate dollar value of mortgages brokered by them, any of which factors which could negatively impact the DLC Group Franchisees and their ability to pay franchise fees to DLC Group.

Brand reputation

Corporation or subsidiary brand value can be severely damaged even by isolated incidents, particularly if the incidents receive considerable negative publicity or result in litigation. Incidents that could be damaging to the brand may arise from events that are or may be beyond management's ability to control. If any such incidents or other matters erode consumer confidence, they could in turn materially and adversely affect the Corporation's results of operations and financial condition.

The DLC Group's franchisees are independent business operators, and their mortgage brokers are independent contractors, and, as such, they are not employees of the Corporation, and the Corporation does not exercise control over their day-to-day operations. If the franchisees or their mortgage brokers were to provide diminished quality of service to customers, the DLC Group's image and reputation may suffer materially and adversely affect the Corporation's results of operations.

Adding DLC franchises / closure of DLC franchises

DLC Group's ability to grow its revenue depends in part upon DLC Group's ability to execute upon its growth strategy and maintain and grow its network of franchises (and the ability of franchisees to increase the number of mortgage brokers working at their franchises and to increase the number and volume of mortgages funded by each broker). If the DLC Group is unable to attract qualified franchisees and franchisees are unable to attract new mortgage brokers, the Corporation may be adversely affected. The growth of the DLC Group's franchise network and the number of mortgage brokers is somewhat dependent upon available mortgage brokers in desirable locations and attracting new mortgage brokers.

The closure, failure or downsizing of a franchise office will reduce the Corporation's revenues. Closure of a franchise office could be the result of, among other things, an aging franchisee being unable to sell or transfer his or her existing business to a new owner, a downturn in the economy or the closure or bankruptcy of a large industry in the city or town where the franchise operates. Any one of the above-mentioned factors could result in the loss of mortgage brokers, thus reducing the Corporation's revenues generated from mortgage fees.

Franchisee bad debts

DLC Group franchisees may suffer difficulties in paying their franchise fees and other obligations to the DLC Group in a timely manner or at all, including interest on unpaid amounts. Accounts receivable, and the allowance for doubtful accounts, may be significant. If franchisees were to default to a material extent on their franchise fees or other obligations, this could have a material adverse impact on Corporation.

Changes in laws and regulations

The Corporation and its Non-Core Assets are subject to a variety of laws and regulations. Future changes in federal, provincial, and municipal laws or regulations could potentially significantly escalate the cost of complying with them, which could have a negative impact on the Corporation's financial results. There can be no assurance that the legal, taxation, and regulatory environment within which the Corporation operates will not be changed in a manner which adversely impacts the Corporation.

Specifically, the DLC Group is subject to mortgage lending regulations, which are regulated by the Government of Canada. In recent years the Canadian government has made various changes to tighten such rules. These changes and any further restrictions to mortgage lending rules may adversely affect the ability and willingness of prospective buyers to finance home purchases or to sell their existing homes. This in turn, would adversely affect the residential real estate industry and put downward pressure on the number of mortgage brokers operating in the industry and negatively impact the Corporation's business.

Cyber security

Our operations increasingly depend upon the use of sophisticated information technologies and systems for internal processes. The operation of these technologies and systems is dependent, in part, upon third-party technologies, systems and services, for which there are no assurances of continued or uninterrupted availability and support by the applicable third-party vendors on commercially-reasonable terms. If the Corporation's information technology systems were to fail and the Corporation was unable to recover in a timely way, the Corporation might be unable to fulfill critical business functions, which could have a material adverse effect on its business, financial condition, and results of operations.

The Corporation and its Non-Core Assets may be threatened by cyber-attacks, breaches of networks, computer viruses, human errors, sabotage, or other similar events. These could have an adverse impact on its activities, including system disruptions or breakdowns, loss of data, or intellectual property theft. This could also have an adverse impact on financial performance and cause considerable damage to reputation and could potentially result in legal actions.

Breach of privacy laws / release of confidential information

The Corporation and its Non-Core Assets maintain significant private and confidential information regarding their customers in the ordinary course of business, and they depend on their operations and systems to keep all such information confidential. The intentional or unintentional release of customers' confidential private information could materially and adversely affect their respective financial conditions and results of operations.

Competition risk

Competition is based on price, quality of products and services, lead times and the range of services offered. Existing and/or new competitors may announce new products or enhancements that better meet the needs of customers or changing industry standards, or they may deeply discount the price of their products. Internet-based mortgage brokerage businesses are becoming more prevalent in the United States. While none have commenced operations in Canada to date, innovation in the space is constant, and disruptive business models could draw consumers away from traditional mortgage brokerages and put downward pressure on the number of mortgage brokers operating in the industry, which would adversely affect DLC.

Dependence on management and directors

The Corporation's success may depend upon the efforts, skill, and business contacts of key members of management and the Board. The loss of the services of any of these individuals could have a material and adverse effect on our revenues, net (loss) income, and cash flows.

From time to time, we will also need to identify and retain additional skilled management to efficiently operate our business. Recruiting and retaining qualified personnel is critical to our success, and there can be no assurance of our ability to attract or retain such personnel.

If we are not successful in attracting and training qualified personnel, our ability to execute our business strategy could be affected, which could have a material and adverse impact on our profitability, results of operations and financial condition.

Common Shares sensitive to market fluctuations
The market price of the Common Shares has been and may continue to be subject to wide fluctuations in response to factors such as actual or anticipated variations in our results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may adversely affect the market price of the Common Shares, even if we are successful in maintaining revenues, cash flows or earnings.

Potential conflicts of interest
Certain of our directors and officers are or may be, from time to time, involved in other financial investments and professional activities that may cause a conflict of interest with their duties to the Corporation. These include serving as directors, officers, advisors or agents of other public and private companies, including companies involved in similar businesses to the Corporation or companies in which we may invest; managing investment funds; purchasing and selling securities; or investing and providing management counselling for other clients. Such conflicts may result in a material and adverse effect on our results of operations and financial condition.

Seasonality and variable cycles in results
The Corporation's quarterly operating results generally vary from quarter to quarter because of seasonal fluctuations in our business and this seasonality is expected to continue. There is no guarantee that operating results will follow past trends.

Interest rate risk
The Corporation is exposed to changes in interest rates on its credit facilities, which bear interest at variable rates. The cash flows required to service these financial liabilities will fluctuate because of changes in market interest rates.

Transaction and legal risks
We may be exposed to transaction and legal risks, including potential liability under securities or other laws, and disputes over the terms and conditions of investment arrangements. We may face legal claims and litigation. These risks are often difficult to assess or quantify, and their existence and magnitude often remain unknown for substantial periods of time. We may incur significant legal and other expenses in defending against litigation involved with any of these risks and may be required to pay substantial damages for settlements and/or adverse judgments. Substantial legal liability or significant regulatory action against us could have a material and adverse effect on our results of operations and financial condition.

Economic and political conditions
The Corporation and its Non-Core Assets are sensitive to general market and economic conditions in Canada and worldwide. These conditions include, among others, short-term and long-term interest rates, new regulations, inflation, fluctuations in debt and equity capital markets, levels of unemployment, extent and duration of public-health restrictions, consumer confidence and the general condition of the Canadian, North American and world economies. Lack of available credit or lack of confidence in the financial sector could materially and adversely affect the Corporation's financial position. There can be no assurance that a change in economic conditions will not negatively affect the Corporation's financial position.

COVID-19
The Corporation and its Non-Core Assets are sensitive to the extent and duration of the COVID-19 pandemic and its resultant public-health restrictions. The Core Business Operations may be negatively affected in the event the Canadian

housing market declines. As such, COVID-19 may adversely impact earnings, cash flows and the financial position of the Corporation, the full effects of which are not yet known.

RELATED PARTY TRANSACTIONS

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties.

Core Business Operations

Property leases

Core Business Operations leases office space from a related company controlled by Chris Kayat and Gary Mauris, who are key members of the Corporation's management. During the year ended December 31, 2021 the total costs incurred under this lease was $0.4 million (December 31, 2020—$0.3 million). The lease term matures in 2025.

Core Business Operations' leases a two-bedroom condo in Toronto from a related company controlled by Chris Kayat and Gary Mauris, who are key members of the Corporation's management. During the year ended December 31, 2021 the total costs incurred under this lease was $0.1 million (December 31, 2020—$0.1 million). The lease term matures in 2025.

The expenses related to these leases are recorded in interest and depreciation and amortization expenses and are paid monthly; as such, no amount remains payable within the Corporation's financial statements.

Administrative services

The Core Business Operations has entered into an agreement with a software development company to develop and support a customized mortgage app that is owned by key management of the Corporation (Chris Kayat and Gary Mauris). Total fees charged for services under this agreement for the year ended December 31, 2021 was $1.0 million (December 31, 2020—$0.9 million).

Non-Core Business Asset Management

Other

The Non-Core Business Asset Management segment has entered into an agreement with the non-controlling shareholder of Impact (Keith Kostek). The agreement is related to liquidation rights, and if a liquidation event occurs, the Corporation has a possible commitment to pay $1.0 million to this shareholder. As at December 31, 2021, a liability has been recognized for the current fair value of the liability of $1.0 million (December 31, 2020—$0.9 million).

Key management compensation

During the year ended December 31, 2021, $0.1 million was paid to the Board of Directors, which is included within general and administrative expenses. During the year ended December 31, 2020, the Board of Directors received RSUs as compensation, and there were no amounts paid to the Board of Directors included with general and administrative expenses.

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

	Year ended December 31,	
(in thousands)	**2021**	2020
Salaries and benefits	**$ 6,927**	$ 4,487
Share-based payments	**633**	1,381
	$ 7,560	$ 5,868

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the amounts reported and disclosed in the financial statements and related notes. These include estimates that, by their nature, are uncertain, and actual results could differ materially from these estimates. The impacts of such estimates may require accounting adjustments based on future results. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

Areas that require management to make significant estimates, judgments and assumptions are as follows.

Valuation of the Preferred Share liability

Management applies significant judgement to assess the fair value of the Preferred Share liability. Significant assumptions used in determining the fair value of the investment in the Preferred Shares liability include determination of future revenues and cash flows, and the discount rate. The estimates and assumptions used in determining the Preferred Share liability are subject to uncertainty, and if changed, they could significantly differ from those recognized in the financial statements.

Business combinations

The Corporation uses significant judgement to conclude whether an acquired set of activities and assets is a business, and such a determination can lead to significantly different accounting results. The acquisition of a business is accounted for as a business combination. If an acquired set of activities and assets does not meet the definition of a business, the transaction is accounted for as an asset acquisition or a compensation arrangement.

The Corporation accounts for business combinations using the acquisition method. Significant estimation and judgement are required in applying the acquisition method when identifying and determining the fair values of the acquired business's assets and liabilities.

The most significant estimates and assumptions, and those requiring the most judgement, involve the fair values of intangible assets and residual goodwill, if any. Valuation techniques applied to intangible assets are generally based on management's estimate of their total expected future cash flows. Significant assumptions used in determining the fair value of intangible assets identified include determination of future revenues and cash flows, discount rates and market conditions at the date of the acquisition. The excess acquisition cost over the fair value of identifiable net assets is recorded as goodwill. The estimates and assumptions used in determining the fair value of intangible assets acquired are subject to uncertainty, and if changed, they could significantly differ from those recognized in the financial statements.

Control assessment and classification of non-controlling interest

The Corporation has controlling or majority interests in private companies. This requires management to apply significant judgement to assess whether the investment structure results in the Corporation having control, joint control or significant influence over the investee, and to determine the classification of non-controlling interest. The assessment of whether the Corporation has control, joint control or significant influence over the investee and the classification of non-controlling interest is dependent on such factors as distribution, voting and liquidity rights. Management's assessment of these factors and others will determine the accounting treatment for the investment and may have a significant impact on the Corporation's consolidated financial statements.

Intangible assets

Management has concluded that the DLCG brand names have an indefinite useful life. This conclusion was based on many factors, including the Corporation's ability to continue to use the brand and the indefinite period over which the brand name is expected to generate cash flow. The determination that the brand has an indefinite useful life involves judgement, which could have an impact on the amortization charge recorded in the consolidated statement of income.

For each class of intangible assets with finite lives, management must decide the period over which it will consume the assets' future economic benefits. The determination of a useful-life period involves judgement, which could have an impact on the amortization charge recorded in the consolidated statement of income.

Impairment of goodwill and intangible assets

Goodwill and indefinite-life intangible assets are not amortized. Goodwill and indefinite-life intangible assets are assessed for impairment on an annual basis, or when indicators of impairment are identified, by comparing the carrying amount of the asset to its recoverable amount, which is calculated as the asset's fair value less cost of disposal. Fair value less cost of disposal is an income-based approach whereby a present value technique is employed that takes into account estimated future cash flows based on assumptions that would be common to any market participant. This approach requires management to make estimates and assumptions about operating margins, discount rates and tax rates. Future cash flows are based on management's projections for a five-year period with a perpetual growth rate applied thereafter. The discount rate is based on the weighted-average cost of capital ("WACC") for comparable companies operating in similar industries as the applicable CGU. The WACC is an estimate of the overall required rate of return on an investment for both debt and equity owners and serves as the basis for developing an appropriate discount rate.

Finite-life intangible assets are assessed for indicators of impairment at the end of each reporting period. If indicators of impairment exist, the Corporation assesses whether the carrying amount of the asset is considered recoverable. An impairment loss is recorded when the carrying value exceeds its recoverable amount, which is calculated as the asset's fair value less cost of disposal. See Note 8 of the Financial Statements.

Cash-generating unit ("CGU") determination

The determination of CGUs for impairment testing requires judgment when determining the lowest level for which there are separately-identifiable cash inflows generated by a group of assets. In identifying assets to group into CGUs, the Corporation considers how the operations of each of its subsidiaries generate cash flows and how management monitors the entity's operations. The determination of CGUs could affect the results of impairment tests and the amount of the impairment charge, if any, recorded in the financial statements.

Deferred taxes

The determination of the Corporation's net (loss) income and other tax liabilities requires the interpretation of complex tax regulations. Judgment is required in determining whether deferred tax assets should be recognized on the consolidated statement of financial position. Deferred tax assets require management to assess the likelihood that the Corporation will generate taxable income in future periods to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each applicable jurisdiction. These estimates and assumptions are subject to uncertainty and, if changed, could materially affect the assessment of the Corporation's ability to fully realize the benefit of the deferred tax asset. See Note 22 of the financial statements.

Liquidity

As part of its capital management process, the Corporation prepares and uses budgets and forecasts to direct and monitor the strategy, ongoing operations and liquidity of the Corporation and its Non-Core Assets. This includes ongoing and forecasted compliance with the covenants as set out within the Corporation's lending agreements and the Corporation's ability to meet its commitments and obligations as they become due. Budgets and forecasts are subject to significant judgment and estimates relating to future activity levels, future cash flows and the timing thereof, availability of acceptable financing arrangements and other factors which may or may not be within the control of the Corporation (customer demand, growth rates, access to capital, etc.).

COVID-19 impact

Management has used the best available information in making well-reasoned judgements and estimates of the impact of COVID-19 on its financial statements. The ultimate impact of the pandemic on the Corporation's future operations and financial performance is currently unknown and will be dependent on several unpredictable factors outside of the knowledge and control of management, including: the duration and severity of the pandemic; the impact of the pandemic on economic growth and financial and capital markets; and governmental responses and restrictions. These uncertainties may continue to persist beyond the point where the initial outbreak of the COVID-19 virus has subsided. The potential impact of the COVID-19 pandemic has been considered by management in making judgments, estimates and assumptions used in the preparation of the financial statements, but the inherent risks and uncertainties resulting from the pandemic may result in material changes to such judgments, estimates and assumptions in future financial periods as additional information becomes available.

ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements prepared for the year ended December 31, 2020, except for as disclosed in Note 3 of the financial statements.

SELECTED ANNUAL FINANCIAL INFORMATION

The following table summarizes selected annual information for 2021, 2020 and 2019.

	Year ended December 31, (1)					
(in thousands, except per share amounts)		**2021**		2020		2019
Consolidated Statement of (Loss) Income Data from Continuing Operations:						
Revenues	**$**	**78,816**	$	52,413	$	44,843
(Loss) income attributable to common shareholders		**(5,508)**		20,037		(6,747)
(Loss) earnings per Common Share:						
Basic	**$**	**(0.12)**	$	0.53	$	(0.18)
Diluted	**$**	**(0.12)**	$	0.53	$	(0.18)
Consolidated Statement of Financial Position Data:						
Total assets	**$**	**253,925**	$	260,194	$	321,820
Total long-term financial liabilities	**$**	**143,737**	$	141,024	$	90,575

(1) Club16 and Impact are discontinued operations and have been excluded from the consolidated statements of (loss) income results and consolidated statement of financial position results for the comparative year ended December 31, 2020. The statement of financial position comparative results for the year ended December 31, 2019 have not been amended and include the net assets of Club16 and Impact. Refer to the Discontinued Operations section of this document for further discussion on discontinued operations.

Revenues increased in the current year over the comparative periods due to increased funded mortgage volumes in the DLC Group. Total assets decreased in the current period over the previous year primarily due to reclassification of the deferred tax asset as an offset to deferred tax liabilities. Compared to the comparative 2019 period, the decrease is primarily from the change to equity accounting in the Non-Core Assets in the year ended December 31, 2020. Long-term financial liabilities decreased from the previous year primarily from the settlement of the foreign exchange forward contracts. Compared to the 2019 fiscal year, financial liabilities increased primarily from the Preferred Share liability, partly offset by the removal of the Non-Core Assets liabilities due to the change to equity accounting in the year ended December 31, 2020.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this document constitute forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate," "believe," "estimate," "will," "expect," "plan," or similar words suggesting future outcomes or an outlook. Forward-looking information in this document includes, but is not limited to:

- The 2022 outlook and strategic objectives;
- DLC Group revenues in the future being greater than revenue for the current period;
- Our business plan and growth strategy;
- Adding additional DLC Group franchises and brokers through targeted recruiting initiatives;
- Newton growing its submission volumes through Velocity, extending Velocity's delivery channels and increasing its number of third-party users;
- The agreement with the Host expiring in June 2022 and Newton's ability to submit more transactions directly to lenders using Newton's own infrastructure;
- Newton's further development of its customer relationship management system;
- Developing new innovative products to increase program offerings;
- The ability of our Non-Core Assets to distribute cash to the Non-Core Business Asset Management segment;
- The new TD credit agreement will result in interest savings;

- Our expectation that the Corporation will continue to maintain its ownership interest in the Non-Core Assets in 2022;
- The Canadian and U.S. economies will begin to recover from the ongoing economic downturn created by COVID-19 within the next twelve months;
- Management's ability to adjust cost structures at the Corporation and its Non-Core Assets to improve liquidity and cash flow; and
- The Non-Core Assets affected by COVID-19 will recover from the pandemic's impacts and return to historical (pre-COVID-19) operating environments.

Such forward-looking information is based on many estimates and assumptions, including material estimates and assumptions, related to the factors identified below that, while considered reasonable by the Corporation as at the date of this MD&A considering management's experience and perception of current conditions and expected developments, are inherently subject to significant business, economic and competitive uncertainties, and contingencies.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to:

- Changes in taxes;
- Increased operating, general and administrative, and other costs;
- Changes in interest rates;
- General business, economic and market conditions;
- Changes in health outbreaks and impacts on market conditions;
- The extent and duration of the COVID-19 pandemic or any similar public health issues that could have an impact on economic or market conditions;
- Our ability to obtain services and personnel in a timely manner and at an acceptable cost to carry out our activities;
- The DLC Group's ability to maintain its existing number of franchisees and add additional franchisees;
- Newton's ability to grow its submission volumes and number of third-party users is subject to broker and industry adoption of Newton as a connectivity platform;
- Changes in Canadian mortgage lending and mortgage brokerage laws;
- Material decreases in the aggregate Canadian mortgage lending marketplace;
- Changes in the fees paid for mortgage brokerage services in Canada;
- Changes in the regulatory framework for the Canadian housing and lending sectors;
- Demand for the Corporation's products remaining consistent with historical demand;
- Our ability to realize the expected benefits of our Non-Core Assets;
- The uncertainty of estimates and projections relating to future revenue, taxes, costs, and expenses;
- Changes in, or in the interpretation of, laws, regulations or policies;
- The outcome of existing and potential lawsuits, regulatory actions, audits, and assessments; and
- Other risks and uncertainties described elsewhere in this document and in our other filings with Canadian securities authorities.

Many of these uncertainties and contingencies may affect our actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, us. Readers are cautioned that forward-looking statements are not guarantees of future performance. All forward-looking statements made in this MD&A are qualified by these cautionary statements. The foregoing list of risks is not exhaustive. The forward-looking information contained in this document is made as of the date hereof and, except as required by applicable securities laws, we undertake no obligation to update publicly or revise any forward-looking statements or information, whether because of new information, future events or otherwise.

NON-IFRS FINANCIAL PERFORMANCE MEASURES

ADJUSTED EBITDA

Adjusted EBITDA is defined as earnings before finance expense, taxes, depreciation, amortization, and any unusual, non-operating, certain non-cash or one-time items. Non-operating adjustments include those that are not related to the Corporation's main operating activities or its operational activities within its Non-Core Business Asset Management segment. The Corporation considers its main operating activities to be the Core Business Operations and management of its operating subsidiaries. Costs related to strategic initiatives such as business acquisitions, integration of newly-acquire businesses and restructuring are considered unrelated to the Corporation's operating activities as previously defined.

The non-cash adjustments are expenses incurred during the period which are not the result of the main operating activities of the Corporation or are related to the financing of these activities. Other expenses are unusual, non-core, non-cash or one-time insignificant items included within "other income" on the consolidated statements of (loss) income that are not related to the main operating activities. Costs related to strategic initiatives such as business acquisitions, integration of newly-acquired businesses and restructuring are considered non-operating.

While adjusted EBITDA is not a recognized measure under IFRS, management believes that it is a useful supplemental measure as it provides management and investors with an insightful indication of the performance of the Corporation. Adjusted EBITDA is an assessment of its normalized results and cash generated by its main operating activities, prior to the consideration of how these activities are financed or taxed, as a facilitator for valuation and a proxy for cashflow. Management applies adjusted EBITDA in its operational decision making as an indication of the financial performance of its main operating activities.

Investors should be cautioned, however, that adjusted EBITDA should not be construed as an alternative to a statement of cash flows as a measure of liquidity and cash flows. The methodologies we use to determine adjusted EBITDA may differ from those utilized by other issuers or companies and, accordingly, adjusted EBITDA as used in this MD&A may not be comparable to similar measures used by other issuers or companies. Readers are cautioned that adjusted EBITDA should not be construed as an alternative to net income determined in accordance with IFRS as an indicator of an issuer's performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows.

Adjusted EBITDA margin is defined as adjusted EBITDA divided by revenue.

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

	Three months ended December 31,		Year ended December 31,	
(in thousands)	**2021**	2020	**2021**	2020
(Loss) income before income tax	**$ (3,672)**	$ 4,238	**$ 4,845**	$ 13,062
Add back:				
Depreciation and amortization	**979**	1,062	**4,130**	4,312
Finance expense	**2,999**	1,299	**6,808**	5,700
Finance expense on the Preferred Share liability	**9,675**	-	**26,543**	-
	9,981	6,599	**42,326**	23,074
Adjustments to remove:				
Share-based payments	**526**	1,256	**1,107**	1,655
Foreign exchange gain	**(210)**	(246)	**(247)**	(59)
Loss (gain) on contract settlement	**28**	(119)	**559**	137
Other expense (income) (1)	**109**	367	**(135)**	75
Acquisition, integration and restructuring costs (2)	**104**	60	**272**	332
Adjusted EBITDA (3)	**$ 10,538**	$ 7,917	**$ 43,882**	$ 25,214

(1) Other income in the year ended December 31, 2021 relates to the derecognition of sales tax receivables and payables on initial acquisition of the Core Business Operations in 2016 and litigation settlements in the Core Business Operations, partly offset by a loss on disposal of intangible assets. Other expense in the year ended December 31, 2020 primarily related to the write down of the Non-Core Business Asset Management segment's non-equity-accounted investment, partly offset by litigation settlements in the Core Business Operations.

(2) Acquisition, integration and restructuring costs for the years ended December 31, 2021 and 2020 relate to the restructuring and amalgamation of the Corporation from Founders Advantage Capital Corp. to Dominion Lending Centres Inc. Also included in the year ended December 31, 2021 are restructuring costs related to the Corporation's graduation to the TSX, the SIB, and debt restructuring.

(3) The amortization of franchise rights and relationships within the Core Business Operations of $0.7 million and $2.7 million for the three months and year ended December 31, 2021, respectively, (December 31, 2020 - $0.6 million and $2.0 million) are classified as a charge against revenue, and have not been added back for adjusted EBITDA.

FREE CASH FLOW

Free cash flow represents how much cash a business generates after spending what is required to maintain or expand its current asset base. Free cash flow attributable to common shareholders represents the cash available to the Corporation for general corporate purposes, including: repayments on our credit facilities, investment in growth capital expenditures, return of capital to Common Shareholders through the repurchases of Common Shares and discretionary payment of dividends to common shareholders, and cash to be retained by the company. This is a useful measure that allows management and users to understand the cash available to enhance shareholder value.

The other adjustments are expenses incurred during the period which are not the result of the main operating activities of the Corporation, or are related to the financing of these activities. Other one-time items included within other income adjustments are insignificant items included within "other income" on the consolidated statements of (loss) income that are not related to the main operating activities.

While free cash flow is not a recognized measure under IFRS, management believes that it is a useful supplemental measure as it provides management and investors with an insightful indication of the funds generated by the main operating activities that are available to the Corporation for use in non-operating activities. Free cash flow is determined by adjusting certain investing and financing activities. Investors should be cautioned, however, that free cash flow should not be construed as an alternative to a statement of cash flows as a measure of liquidity and cash flows. The methodologies we use to determine free cash flow may differ from those utilized by other issuers or companies and, accordingly, free cash flow as used in this MD&A may not be comparable to similar measures used by other issuers or companies. Readers are cautioned that free cash flow should not be construed as an alternative to net (loss) income determined in accordance with IFRS as indicators of an issuer's performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows.

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:

	Three months ended December 31,		Year Ended December 31,	
(in thousands)	**2021**	**2020**	**2021**	**2020**
Cash flow from operating activities	**$ 9,468**	$ 8,921	**$ 39,061**	$ 33,190
Discontinued Operations – cash flows from operating activities	**-**	(1,815)	**-**	(9,992)
Continuing Operations – changes in non-cash working capital and other non-cash items	**(1,992)**	(2,231)	**(4,745)**	(8,235)
Cash provided from continuing operations excluding changes in non-cash working capital and other non-cash items	**7,476**	4,875	**34,316**	14,963
Adjustments:				
Distributions from equity-accounted investees (1)	**420**	120	**1,449**	360
Maintenance CAPEX (1) (2)	**(181)**	524	**(1,523)**	(1,026)
NCI portion of cash provided from continuing operations	**(228)**	(2,979)	**(1,530)**	(9,242)
Lease payments (1)	**(135)**	(109)	**(544)**	(408)
Acquisition, integration and restructuring costs (1)	**104**	42	**272**	314
Loss (gain) on contract settlement (1)	**28**	(72)	**559**	82
Other items (1)	**109**	-	**(135)**	(114)
	7,593	2,401	**32,864**	4,929
Free cash flow attributable to Preferred Shareholders	**(4,065)**	-	**(15,727)**	-
Free cash flow attributable to common shareholders	**$ 3,528**	$ 2,401	**$ 17,137**	$ 4,929

(1) Amounts presented reflect the Corporation's common shareholders' proportion and have excluded amounts attributed to NCI holders.
(2) Includes amount paid to maintain the current asset base and does not include amounts considered as growth CAPEX.

ADJUSTED NET INCOME AND ADJUSTED EPS

Adjusted net income and Adjusted EPS are defined as net (loss) income before any unusual or non-operating items such as foreign exchange, fair value adjustments, finance expense on the Preferred Share liability, adjusted net income from the Core Business Operations attributable to the Preferred Shareholders, and one-time non-recurring items. Other one-time items included within other income adjustments are insignificant items included within "other income" on the consolidated statements of (loss) income that are not related to the main operating activities.

While adjusted net income is not a recognized measure under IFRS, management believes that it is a useful supplemental measure as it provides management and investors with an insightful indication of the operational performance of the Corporation by eliminating certain non-recurring items, adjusting for the net income from the Core Business Operations attributable to the Preferred Shareholders, and excluding the preferred share accretion expense and revaluation adjustment. Management applies adjusted net income in its operational decision making as an indication of the results and cash generated by the main operating activities, after consideration of how these activities are financed and taxed. Adjusted net income is used to determine adjusted EPS (defined as adjusted net income attributable to common shareholders on a per-share basis).

Investors should be cautioned, however, that adjusted net income should not be construed as an alternative to net (loss) income determined in accordance with IFRS as an indicator of an issuer's performance or to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. The methodologies we use to determine adjusted net income may differ from those utilized by other issuers or companies and, accordingly, adjusted net income as used in this MD&A may not be comparable to similar measures used by other issuers or companies.

Management notes that the calculation of adjusted net income previously included an adjustment for "Core Business Operations' net income attributable to Preferred Shareholders". The calculation has since been updated to replace this adjustment with "Core Business Operations' *adjusted* net income attributable to Preferred Shareholders", to properly reflect any adjustments applicable to the Preferred Shareholders. Core Business Operations' adjusted net income attributable to Preferred Shareholders represents the Preferred Shareholders' portion of all items adjusted from net (loss) income.

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

(in thousands)	Three months ended December 31, 2021	2020	Year Ended December 31, 2021	2020
Net (loss) income	**$ (5,463)**	$ 22,643	**$ (3,943)**	$ 25,559
Add back:				
Discontinued operations	**-**	(3,953)	**-**	(1,688)
Interest penalty – Sagard credit facility repayment	**1,101**	-	**1,101**	-
Recognition of non-capital losses	**-**	(16,718)	**-**	(16,718)
Foreign exchange gain	**(210)**	(246)	**(247)**	(59)
Finance expense on the Preferred Share liability	**9,675**	-	**26,543**	-
Loss (gain) on contract settlement	**28**	(119)	**559**	137
Other expense (income)	**109**	367	**(135)**	75
Acquisition, integration and restructuring costs	**104**	60	**272**	332
Income tax effects of adjusting items	**113**	-	**42**	(94)
	5,457	2,034	**24,192**	7,544
Core Business Operations' adjusted net income attributable to Preferred Shareholders	**(3,686)**	-	**(14,219)**	-
Adjusted net income	**$ 1,771**	$ 2,034	**$ 9,973**	$ 7,544
Adjusted net income (loss) attributable to common shareholders	**1,513**	(290)	**8,408**	520
Adjusted net income attributable to non-controlling interest	**258**	2,324	**1,565**	7,024
Diluted adjusted earnings (loss) per Common Share	**$ 0.03**	$ (0.01)	**$ 0.18**	**$** 0.01

REMOVED KPIs

CDC has been removed as a KPI and non-IFRS measure in this MD&A for the year ended December 31, 2021. The Corporation has identified that CDC is not a non-IFRS measure, as it is a contractual obligation similar to debt covenants. Further, CDC is a redundant KPI as the Corporation presents free cash flow attributable to shareholders, which is a more relevant measure to determine the cash available to the Corporation.

The number of DLC Group brokers using Velocity has been removed as a KPI measure in this MD&A for the year ended December 31, 2021, as the measure is redundant as the Corporation presents the percentage of funded volumes submitted through Velocity.