Dominion Lending Centres Inc.

Audited Consolidated Financial Statements

For the years ended December 31, 2021 & December 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dominion Lending Centres Inc.

Opinion

We have audited the consolidated financial statements of Dominion Lending Centres Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of (loss) income, consolidated statements of comprehensive (loss) income, consolidated statements of equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Kim Wiggins.

Ernst & Young LLP

Chartered Professional Accountants

Calgary, Alberta
March 29, 2022

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands of Canadian dollars)

		As at December 31, 2021		As at December 31, 2020
Assets				
Current assets				
Cash and cash equivalents	**$**	**20,886**	$	10,316
Trade and other receivables (note 4)		**17,990**		13,977
Prepaid expenses and deposits		**1,564**		1,651
Notes receivable		**343**		531
Total current assets		**40,783**		26,475
Non-current assets				
Trade, other receivables and other assets (note 4)		**302**		1,010
Investments		**246**		246
Equity-accounted investments (note 5)		**28,517**		29,786
Capital assets (note 6)		**352**		321
Right-of-use assets (note 7)		**1,859**		2,177
Intangible assets (note 8)		**121,429**		123,088
Goodwill (note 8)		**60,437**		60,437
Deferred tax asset (note 22)		**-**		16,654
Total assets	**$**	**253,925**	$	260,194
Liabilities and Equity				
Current liabilities				
Accounts payable and accrued liabilities (note 9)	**$**	**46,884**	$	24,128
Loans and borrowings (note 13)		**1,233**		7,410
Deferred contract liabilities (note 10)		**1,129**		900
Lease obligations (note 14)		**436**		417
Preferred Share liability (note 15)		**14,908**		9,164
Total current liabilities		**64,590**		42,019
Non-current liabilities				
Loans and borrowings (note 13)		**35,233**		33,368
Deferred contract liabilities (note 10)		**552**		1,712
Foreign exchange forward contract liabilities (note 26)		**-**		2,623
Other long-term liabilities (note 11)		**2,540**		4,504
Lease obligations (note 14)		**1,860**		2,296
Deferred tax liabilities (note 22)		**11,777**		26,261
Preferred Share liability (note 15)		**103,552**		96,521
Total liabilities		**220,104**		209,304
Equity				
Share capital (note 16)		**118,018**		130,216
Contributed surplus		**15,573**		15,573
Accumulated other comprehensive loss		**(21)**		-
Deficit		**(101,830)**		(96,322)
Total equity attributable to shareholders		**31,740**		49,467
Non-controlling interest (note 12)		**2,081**		1,423
Total liabilities and equity	**$**	**253,925**	$	260,194

Commitments and contingencies (note 27)
Subsequent events (note 29)
The accompanying notes form an integral part of these financial statements.

Signed on behalf of the Board of Directors,

(signed)
Gary Mauris, Director

(signed)
Dennis Sykora, Director

CONSOLIDATED STATEMENTS OF (LOSS) INCOME
(in thousands of Canadian dollars, except per share amounts)

For the years ended December 31,		2021		2020
Revenue (note 19)	$	**78,816**	$	52,413
Direct costs		**9,845**		6,615
Gross profit		**68,971**		45,798
General and administrative (note 20)		**26,347**		21,583
Share-based payments (note 17)		**1,107**		1,655
Depreciation and amortization (notes 6, 7 and 8)		**4,130**		4,312
		31,584		27,550
Income from operations	$	**37,387**	$	18,248
Other (expense) income				
Finance expense (note 21)		**(6,808)**		(5,700)
Finance expense on the Preferred Share liability (note 15)		**(26,543)**		-
Foreign exchange gain (note 26)		**247**		59
(Loss) income from equity-accounted investment (note 5)		**(99)**		535
Other income (expense)		**661**		(80)
		(32,542)		(5,186)
Income before tax from continuing operations	$	**4,845**	$	13,062
Income tax (expense) recovery (note 22)				
Current tax expense		**(6,618)**		(6,517)
Deferred tax (expense) recovery		**(2,170)**		17,326
		(8,788)		10,809
(Loss) income from continuing operations	$	**(3,943)**	$	23,871
Discontinued operations				
Income after tax from discontinued operations (note 24)		**-**		1,688
Net (loss) income	$	**(3,943)**	$	25,559
Attributable to (notes 23 and 24)**:**				
Common shareholders	$	**(5,508)**	$	20,037
Non-controlling interest	$	**1,565**	$	5,522
(Loss) earnings per Common Share attributable to common shareholders (notes 23 and 24)				
Basic	$	**(0.12)**	$	0.53
Diluted	$	**(0.12)**	$	0.53
(Loss) earnings per Common Share from continuing operations attributable to common shareholders (note 23)				
Basic	$	**(0.12)**	$	0.44
Diluted	$	**(0.12)**	$	0.44

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(in thousands of Canadian dollars)

For the years ended December 31,		**2021**		2020
Net (loss) income	**$**	**(3,943)**	$	25,559
Other comprehensive loss				
Items that will be subsequently reclassified to net income:				
Foreign exchange translation loss from equity-accounted investments (net of tax) (note 5)		**(21)**		-
Total other comprehensive loss		**(21)**		-
Comprehensive (loss) income	**$**	**(3,964)**	$	25,559
Attributable to:				
Common shareholders	**$**	**(5,529)**	$	20,037
Non-controlling interest	**$**	**1,565**	$	5,522

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF EQUITY
(in thousands of Canadian dollars)

	Attributable to Shareholders of Dominion Lending Centres Inc.						
	Share capital	**Contributed surplus**	**AOCL [1]**	**Deficit**	**Total shareholders' equity**	**Non-controlling interest**	**Total equity**
Balance at December 31, 2019	$ 115,390	$ 15,296	$ (223)	$ (56,752)	$ 73,711	$ 84,131	$ 157,842
Share cancellation	(174)	-	-	-	(174)	-	(174)
Capital contribution from non-controlling interest [2]	-	-	-	-	-	999	999
DLC [3] reorganization transactions	15,000	-	-	(59,607)	(44,607)	(61,365)	(105,972)
Lender warrants	-	277	-	-	277	-	277
Net income and comprehensive income	-	-	-	20,037	20,037	5,522	25,559
Distributions to non-controlling interest	-	-	-	-	-	(6,112)	(6,112)
Disposal of non-controlling interest – discontinued operations (note 24)	-	-	223	-	223	(21,752)	(21,529)
Balance at December 31, 2020	$ 130,216	$ 15,573	$ -	$ (96,322)	$ 49,467	$ 1,423	$ 50,890
Share repurchases and cancellation (note 16)	**(948)**	**-**	**-**	**-**	**(948)**	**-**	**(948)**
Substantial Issuer Bid ("SIB") (note 16)	**(11,250)**	**-**	**-**	**-**	**(11,250)**	**-**	**(11,250)**
Net loss and comprehensive loss	**-**	**-**	**(21)**	**(5,508)**	**(5,529)**	**1,565**	**(3,964)**
Distributions to non-controlling interest	**-**	**-**	**-**	**-**	**-**	**(907)**	**(907)**
Balance at December 31, 2021	**$ 118,018**	**$ 15,573**	**$ (21)**	**$ (101,830)**	**$ 31,740**	**$ 2,081**	**$ 33,821**

(1) Accumulated other comprehensive loss.
(2) The capital contribution was made to Club16 Limited Partnership from the non-controlling interest holder.
(3) Dominion Lending Centres Inc. ("DLC").

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of Canadian dollars)

For the years ended December 31,		2021		2020
Operating Activities				
Net (loss) income	**$**	**(3,943)**	$	25,559
Items not affecting cash:				
Share-based payments (note 17)		**1,107**		1,662
Depreciation and amortization (notes 6, 7 and 8)		**4,130**		14,362
Amortization of debt issuance costs (note 21)		**1,607**		793
Depreciation and amortization of franchise renewals (note 8)		**2,716**		2,001
Foreign exchange gain (note 26)		**(247)**		(59)
Finance expense on the Preferred Share liability (note 15)		**26,543**		-
Deferred tax expense (recovery) (note 22)		**2,170**		(17,849)
Loss (income) from equity-accounted investment (note 5)		**99**		(535)
Interest on lease liabilities (note 14)		**134**		2,712
Lease abatements		**-**		(468)
Realized foreign exchange loss – reclassification from AOCL (note 24)		**-**		416
Gain on equity-accounted valuation / disposal of discontinued operations (note 24)		**-**		(5,945)
Other non-cash items		**(3,458)**		346
Changes in non-cash working capital (note 25)		**8,203**		10,195
Cash provided by operating activities		**39,061**		33,190
Investing Activities				
Expenditures on capital assets (note 6)		**(134)**		(3,529)
Investment in intangible assets (note 8)		**(4,895)**		(5,206)
Proceeds on disposal of capital and intangible assets		**28**		3
Distribution from equity-accounted investees (note 5)		**1,449**		600
Investment in equity-accounted investee (note 5)		**(300)**		-
Distributions to non-controlling interests		**(907)**		(6,112)
Proceeds on disposal of investments, net of cash disposed (note 24)		**-**		(532)
Capital contribution from non-controlling interest		**-**		999
Cash used in investing activities		**(4,759)**		(13,777)
Financing Activities				
Proceeds from debt financing, net of transaction costs (note 13)		**42,298**		1,550
(Repayments) proceeds from settlement of foreign exchange forward contracts (note 26)		**(2,397)**		1,469
Repayment of debt (note 13)		**(48,379)**		(12,586)
Net lease payments (note 14)		**(551)**		(4,893)
Normal course issuer bid share repurchase (note 16)		**(948)**		-
Dividends paid to Preferred Shareholders (note 15)		**(13,768)**		-
Capital contribution from the private placement		**-**		7,500
Inversion rights termination		**-**		(7,500)
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
Cash flows include the following amounts:				
Interest paid	**$**	**4,441**	$	4,790
Interest received	**$**	**47**	$	20
Income taxes paid	**$**	**5,316**	$	5,910

The accompanying notes from an integral part of these financial statements.

(in thousands of Canadian dollars)

1. NATURE OF OPERATIONS

Dominion Lending Centres Inc. ("we", "our", or the "Corporation") is a Canadian mortgage brokerage franchisor and mortgage broker data connectivity provider with operations across Canada. As of December 31, 2021 it was listed on the TSX Venture Exchange (the "Exchange") and graduated to the Toronto Stock Exchange on February 3, 2022 under the symbol "DLCG". The head office of the Corporation is located at Suite 400, 2207 4th Street S.W., Calgary, Alberta, T2S 1X1. The Corporation is governed by the *Business Corporation Act* (Alberta).

Entity overview

The DLC group of companies (the "DLC Group") consists of the Corporation and its three main subsidiaries:

	Ownership interest	
	December 31, 2021	December 31, 2020 (1)
MCC Mortgage Centre Canada Inc. ("MCC")	**100%**	100%
MA Mortgage Architects Inc. ("MA")	**100%**	100%
Newton Connectivity Systems Inc. ("Newton") (2)	**70%**	70%

(1) At December 31, 2020, Dominion Lending Centres Inc. was a wholly-owned subsidiary of Dominion Lending Centres LP.
(2) Subsequent to December 31, 2021, the Corporation entered into a purchase agreement to acquire the remaining 30% of Newton that the Corporation did not already own and completed the transaction on February 28, 2022 (see note 29).

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

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.

The Non-Core Business Asset Management segment includes the Corporation's interests in Club16 Limited Partnership ("Club16") and Cape Communications Ltd. ("Impact") (collectively the "Non-Core Assets"), and 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.

2. BASIS OF PREPARATION

Statement of compliance

These audited consolidated financial statements ("financial statements") of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issuance by the Board of Directors on March 29, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

A complete summary of the significant accounting policies used in the preparation of these financial statements are noted below. These policies have been applied to all periods presented.

a. Basis of measurement

These financial statements have been prepared on a historical cost basis with the exception of certain investments, which are measured at fair value as determined at each reporting date. These financial statements are presented in Canadian dollars, the Corporation's functional currency.

b. Basis of consolidation

The Corporation controls an entity when it is exposed to or has the rights to variable returns from its involvement with the investment and can affect those returns through its power over the investee. The existence and effect of voting rights are considered when assessing whether the Corporation controls another entity. Subsidiaries are fully consolidated from the date control is transferred to the Corporation and are deconsolidated from the date control ceases. All intercompany balances and transactions have been eliminated on consolidation.

Non-controlling interests represent the interests in subsidiaries owned by outside parties. Non-controlling interests are measured at the fair value on the date acquired plus their proportionate share of subsequent changes in equity, less distributions made to minority partners in those entities.

c. Cash and cash equivalents

Cash consists of demand deposits with accredited financial institutions in Canada. Cash equivalents consist of temporary investments with a maturity of three months or less, and temporary investments with a maturity of greater than three months and less than a year, in cases where the investments are readily convertible to cash and there is insignificant risk of changes in value.

d. Equity-accounted investments

Equity-accounted investments are investments over which the Corporation has significant influence, or joint control through a joint venture, but not control. Generally, the Corporation is considered to exert significant influence when it holds at least a 20% interest in an entity. The financial results of the Corporation's significantly-influenced investments and joint ventures are included in the Corporation's consolidated financial statements using the equity method of accounting, whereby the investment is initially recognized at cost, and the carrying amount is then subsequently adjusted to recognize the Corporation's share of earnings or losses of the underlying investment. If the Corporation's carrying value in the equity-accounted investment is reduced to zero, further losses are not recognized except to the extent that the Corporation has incurred legal or constructive obligations or has made payments on behalf of the equity-accounted investee.

At the end of each reporting period, the Corporation assesses whether there is objective evidence that the investment is impaired. If the investment is considered impaired, the Corporation estimates its recoverable amount, and any difference is charged to the consolidated statements of (loss) income.

e. Capital assets

Capital assets are recorded at cost, net of accumulated depreciation and impairment, if any. Cost of capital assets represents the fair value of the consideration given to acquire the assets. Depreciation is calculated on a straight-line over the assets' useful lives, as follows:

Assets	Estimated useful life
Leasehold improvements	5-10 years
Other	2- 5 years

The depreciation methods and estimated useful lives for capital assets are reviewed at the end of each reporting period and adjusted if appropriate. Any change is accounted for prospectively as a change in accounting estimate.

f. Intangible assets and goodwill

Intangible assets

Identifiable intangible assets acquired through a business combination are initially recorded at fair value and are carried at cost less accumulated amortization and any accumulated impairment losses. Identifiable intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives. The indefinite life intangible assets, which includes the DLC brand names, are tested for impairment annually, or more frequently if there is an indication that the intangible asset may be impaired. The indefinite life assumption is reviewed each reporting period to determine if it continues to be supportable. If the indefinite life assessment is no longer deemed supportable, the change in useful life is made from indefinite to finite. Any change is accounted for prospectively as a change in accounting estimate.

Intangible assets related to Core Business Operations include renewable franchise rights, franchisee non-competition agreements and relationships, DLCG brand names, software and intellectual property rights. Renewable franchise agreements acquired on the initial acquisition of the Core Business Operations, are amortized on a straight-line basis over the estimated economic life of twenty-five years. Franchisee non-competition agreements and relationships consist of the cost of acquiring and renewing contracts with DLC franchisees and are amortized on a straight-line basis over the life of the related non-competition agreement which ranges from one to ten years. Software is amortized over its six-year useful life.

Intangible assets acquired on acquisition of Newton by the Core Business Operations relate to software products used in the mortgage brokerage industry. The software products have a useful life ranging from three to eleven years and are amortized on a straight-line basis over their respective useful lives.

The amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period and adjusted if appropriate. Any change is accounted for prospectively as a change in accounting estimate.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of the identifiable net assets acquired in a business combination at the date of acquisition. When goodwill is acquired through a business combination for the purposes of impairment testing, it is allocated to each cash-generating unit ("CGU"), or group of CGUs, which represents the smallest identifiable group of assets that generate cash inflows, at which goodwill is monitored for impairment. After initial recognition, goodwill is carried at cost less any accumulated impairment losses.

g. Impairment

Long-lived assets with finite useful lives are assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill and intangible assets with indefinite useful lives, are tested for impairment annually, or more frequently if an indicator for impairment exists. To assess for impairment, assets are grouped into CGUs, and an impairment loss is recorded when the carrying value exceeds its recoverable amount, which is calculated as the higher of the CGUs' fair value less cost of disposal or its value in use. At the end of each reporting period, an assessment is made as to whether there is any indication that impairment losses previously recognized, other than those that relate to goodwill impairment, may no longer exist or have decreased. If such indications exist, the Corporation makes an estimate of the recoverable amount and, if appropriate, reverses all or part of the impairment. If an impairment is reversed, the carrying amount will be revised to equal the newly estimated recoverable amount. The revised carrying amount may not exceed the carrying amount that would have resulted after taking depreciation into account had no impairment loss been recognized in prior periods. The amount of any impairment reversal is recorded directly in the consolidated statements of (loss) income.

h. Share-based payments

Share options

The Corporation issues share option awards to directors and employees. The fair value of the awards, as at the share option grant date, is measured using an option-pricing model and is recognized over the vesting period as share-based payments expense. When share options are exercised, the proceeds received, together with any amounts in contributed surplus, are recorded in share capital. At the end of each reporting period, the Corporation reassesses its estimates of the number of awards expected to vest and recognizes the impact in the consolidated statements of (loss) income, with a corresponding adjustment to contributed surplus.

In cases where share options issued do not contain any service conditions, the fair value of the share options are immediately recognized as an expense in the consolidated statements of (loss) income on the date of the grant.

Phantom share options ("PSO")

PSOs are cash-settled share-based payments awarded to employees. The fair value of the PSOs are recognized as share-based payments expense, with a corresponding increase in accrued liabilities over the vesting period. The amount recognized as an expense is based on the estimated number of PSOs expected to vest which are in-the-money. PSOs are in-the-money when the Corporation's share price exceeds the exercise price of the PSOs. PSOs are measured at their fair value at each reporting period, which is determined using the share price at the closing date, less the exercise price and estimate for forfeited PSOs.

Restricted share units ("RSU")

RSUs are cash-settled share-based payments awarded to directors and employees. The fair value of RSUs are recognized as share-based payments expense, with a corresponding increase in accrued liabilities over the vesting period. The amount recognized as an expense is based on the estimated number of RSUs expected to vest. RSUs are measured at their fair value at each reporting period, which is determined using the share price at the closing date, plus any dividends paid, less an estimate for expected forfeited RSUs.

i. Leases

Definition of a lease

At inception of a contract, the Corporation assesses whether such contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Accounting for lease arrangements

Right-of-use assets are measured at cost, which comprises the initial amount of the lease obligation, adjusted for any lease payments made at or before the commencement date of the lease, any direct costs incurred less any lease incentives received. Right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term; right-of-use assets are assessed for impairment losses if any and adjusted for certain remeasurements on the related lease obligation.

Lease obligations are measured at the present value of future lease payments at the lease commencement date discounted using the interest rate implicit in the lease, or if not readily determinable, the Corporation's incremental borrowing rate.

Lease obligations are subsequently measured at amortized costs using the effective interest rate method. Lease obligations are remeasured when there is a lease modification, with a corresponding adjustment made to the carrying amount of the right-of-use asset or is recorded in the statements of income and comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

Purchase, renewal and termination options which are reasonably certain of being exercised are also included in the measurement of right-of-use assets and lease obligations.

j. Foreign currency

The financial statements are presented in Canadian dollars, which is the Corporation's presentation currency. The financial statements of each of our subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the "functional currency"). The functional currency of each of the Corporation's subsidiaries is the Canadian dollar. Foreign exchange gains and losses resulting from the settlement of transactions denominated in a currency other than an entity's functional currency are recognized in the consolidated statements of (loss) income and comprehensive income. Assets and liabilities of entities with functional currencies other than the Canadian dollar are translated into Canadian dollars at the period-end exchange rate, and the results of their operations are translated at the average rates for the period. The resulting translation adjustments are included in accumulated other comprehensive loss.

When the Corporation loses control of its subsidiary, it reclassifies the foreign currency gain or loss previously recognized within other comprehensive income to the consolidated statements of (loss) income or equity in the same manner in which it would reclassify other comprehensive income if the asset was disposed of.

k. Current and deferred taxes

Current taxes are recognized with respect to amounts expected to be paid or recovered under the tax rates enacted at the end of the reporting period. Deferred tax is recognized on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated statements of financial position. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are recognized to the extent that it is probable that future profit will be available against which the deductible temporary differences can be utilized. They are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are presented as non-current. They are offset when there is a legally enforceable right to offset, and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is calculated using tax rates that have been enacted at the end of the reporting period and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled. Deferred tax expense or recovery is recognized in net income and comprehensive income except to the extent that it relates to items recognized directly in other comprehensive income or directly in equity, in which case the income tax is also recognized in other comprehensive income or equity, respectively.

l. Earnings per Common Share

Basic earnings per Common Share is calculated by dividing the earnings for the year attributable to the ordinary equity holders ("Common Shareholders") of the Corporation by the weighted average number of ordinary shares ("Common Shares") outstanding during the year.

Diluted earnings per Common Share is calculated by dividing the earnings attributable to Common Shareholders of the Corporation by the weighted average number of Common Shares outstanding during the year plus the weighted average number of Common Shares that would be issued on conversion of all the dilutive securities into Common Shares.

m. Discontinued operations

The Corporation classifies a disposal group as discontinued operations if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is party of a single co-ordinated plan to dispose or a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resell.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount of income after tax from discontinued operations on the consolidated statements of (loss) income (see note 24).

n. Use of estimates and judgments

The preparation of these 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. Those include estimates that, by their nature, are uncertain, and actual results could differ materially from the 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.

The areas which 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 Share 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.

Control assessment and classification of non-controlling interest

The Corporation acquires 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 financial statements.

Business combinations and valuations of equity-accounted investments

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 the 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.

Intangible assets
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 depreciation and amortization charge recorded in the consolidated statements of (loss) income.

Management has concluded that the DLC 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 depreciation and amortization charge recorded in the consolidated statements of (loss) 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 higher of the CGU's fair value less cost of disposal or its value in use. The fair value less cost of disposal is calculated using a discounted cash flow analysis, which requires management to make many significant assumptions, including those related to future operating plans, discount rates and future growth rates.

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 higher of the asset's fair value less cost of disposal or its value in use. The fair value less cost of disposal is calculated using a discounted cash flow analysis, which requires management to make many significant assumptions, including those related to future operating plans, discount rates and future growth rates.

CGU determination
The determination of CGUs for the purposes of 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 taxable 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 statements of financial position. Deferred tax assets require management to assess the likelihood that the Corporation will generate taxable income in future periods in order 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 deferred tax assets.

Liquidity
As part of its capital management process, the Corporation prepares and uses budgets and forecasts to direct and monitor its strategy, ongoing operations and liquidity of the Corporation and its subsidiaries. This includes ongoing and forecasted compliance with the covenants as set out within the Corporation's lending agreements (see note 13) 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 a number of 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 these 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.

o. Financial instruments: classification and measurement

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI"). All of the Corporation's financial assets are measured at amortized cost other than its investments, which are measured at FVTPL.

For those financial assets measured at amortized cost, an allowance for doubtful accounts is required to be determined using a forward-looking expected credit loss ("ECL") model. The Corporation applies the simplified approach in estimating the ECL for all of its trade and other receivables, under which the lifetime ECLs are measured and recognized upon initial recognition of the receivable. Credit losses are measured at the present value of all expected cash shortfalls over the life of the asset.

On initial recognition, a financial liability is classified as measured at amortized cost or FVTPL. All of the Corporation's financial liabilities are measured at amortized cost other than its foreign exchange forward contract liabilities, which are derivatives required to be measured at FVTPL.

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 Preferred Shares liability is revised for any changes in cash flow estimates at the end of each reporting period using an income approach based on the initial discount rate applied. The adjustments to the carrying value of the Preferred Shares are recognized as a revaluation gain or loss within finance expense on the Preferred Shares liability on the consolidated statements of (loss) income.

p. Revenue

Revenue is recognized when a customer obtains control of goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires judgement.

Core Business Operations—franchising revenue, mortgage brokerage services
Mortgage brokerage franchising revenue is earned for providing franchisees the nonexclusive right to operate a DLC Group franchise, which includes income from royalties, monthly advertising and service fees, and connectivity fees. The Corporation may incur franchise agreement expenses prior to or concurrent with entering into franchise agreements,

(in thousands of Canadian dollars)

including payments to the franchises. These costs are capitalized on an agreement basis and amortized over the same term as the agreement to which they relate. The amortization of these franchise payments is recognized against revenue.

Royalty income is based on a percentage of the mortgage-related revenues earned by the franchises or based on a percentage of the mortgage volume funded by the franchises. It is recognized over time based on commissions earned from actual funded volumes of the franchises. Income from monthly advertising fees is used to fund and manage ongoing advertising expenses. Income from monthly service fees is used to cover certain operating costs such as insurance and brokers' industry association dues. Monthly advertising and service fees are recognized at a point in time, based on the monthly amounts as per the franchisee agreements. These revenues are collected either immediately or are due within 15 days of month end.

Connectivity fee revenue relates to agreements made with certain lenders and suppliers to earn income based on the volume of mortgages funded or on broker activity and agreements with suppliers and vendors to earn income based on transactions of their services. Connectivity fee revenue is comprised of two streams: lender and supplier bonus revenues and Newton's revenues. Lender bonuses are agreements made with certain preferred lenders to earn income based on volume of mortgages funded. Newton's revenues are earned through three channels: fees paid by lenders based on funded volumes of mortgages, monthly subscription fees from non-DLC Group brokers and third-party supplier fees on a transaction basis. Connectivity fee revenue is accrued over time based on actual volumes or activity thresholds as they are fulfilled, with transaction prices based on rates outlined in each individual agreement. Collection terms vary from monthly to annually, depending on the individual agreement, though a significant portion is due annually and is collected in the first four months of the following fiscal year.

Core Business Operations—brokering of mortgages
Commission income relates to income earned for the brokering of mortgages within the corporately-owned mortgage franchise and is earned at a point in time when the mortgage deal has closed.

q. Recent accounting pronouncements

Effective January 2020, IASB issued *Classification of Liabilities as Current or Non-Current (amendments to IAS 1 – Presentation of Financial Statements)*. The amendment clarifies that the classification of liabilities as current or non-current should be based on rights which existed at the end of the reporting period. The classification is not affected by expectations about whether or not an entity will exercise its right to defer settlement of a liability. The amendment also clarifies that settlement refers to the transfer to the counterparty of cash, equity instruments or other assets or services. The amendment is effective for calendar periods beginning on or after January 1, 2023 and is to be applied retrospectively. The Corporation does not anticipate that the adoption of the amendment will have any effect on its classification of current and non-current liabilities within its consolidated statements of financial position. The Corporation will adopt the amendment on the effective date of January 1, 2023.

4. TRADE AND OTHER RECEIVABLES

		December 31, 2021		December 31, 2020
Trade accounts receivable				
Franchise fees and mortgage brokerage services	**$**	**15,946**	$	12,191
Other trade receivables [1]		**1,554**		1,213
		17,500		13,404
Other receivables and assets		**792**		1,583
Total trade and other receivables		**18,292**		14,987
Long-term portion		**(302)**		(1,010)
	$	**17,990**	$	13,977

(1) Other trade receivables primarily relate to receivables from Newton revenues.

Franchise fees and mortgage brokerage services receivables also include connectivity fee receivables, which are recognized on an accrual basis as the volume or activity thresholds are fulfilled and are primarily collected in the first four months of the following fiscal year.

(in thousands of Canadian dollars)

Other receivables and assets as at December 31, 2020 include $341 due to the Corporation from related parties, with no such amounts at December 31, 2021 (see note 28). At December 31, 2020, other receivables and assets also included other non-trade receivables and assets of $1,242.

		December 31, 2021		December 31, 2020
Current	**$**	**16,503**	$	13,314
31-60 days		**1,118**		68
61-90 days		**17**		58
Past due > 90 days		**272**		340
Allowance for doubtful accounts		**(410)**		(376)
	$	**17,500**	$	13,404

5. EQUITY-ACCOUNTED INVESTMENTS

Club16

The Corporation owns a 58.4% interest in Club16. The principal place of business is Surrey, British Columbia, Canada.

On December 31, 2020, the Corporation and the principals of Club16 entered into an amending agreement to amend the terms of the shareholders agreement. Though the Corporation has maintained its ownership interest, as of December 31, 2020, the Corporation no longer has the ability to unilaterally determine matters requiring approval by the Board of Directors. Given that the shareholders' agreement requires all decisions of shareholders to be unanimous, the Corporation was determined to have joint control of Club16 with the minority interest holders. The Corporation is entitled to the net assets of Club16, and therefore, this joint arrangement is considered a joint venture and accounted for using the equity method. As a result of the disposal of the previous parent-subsidiary relationship, the Corporation has presented the results of Club16 as discontinued operations for the comparative period in the Corporation's consolidated statements of (loss) income (see note 24).

During the year ended December 31, 2021, the Corporation did not receive any distributions from Club16.

The following table summarizes the statement of financial position information of Club16:

		December 31, 2021		December 31, 2020
Current assets	**$**	**5,921**	$	5,897
Non-current assets		**76,211**		86,207
Current liabilities		**(12,314)**		(15,969)
Non-current liabilities		**(54,509)**		(57,882)
Net assets		**15,309**		18,253
% of ownership		**58.4%**		58.4%
		8,940		10,660
Goodwill (1)		**8,122**		7,619
Corporation share of net assets	**$**	**17,062**	$	18,279

(1) Club16's goodwill was adjusted during the year ended December 31, 2021, to reflect reallocations of deferred tax liabilities.

Year ended December 31,		**2021**
Revenue	**$**	**32,068**
Expenses		**35,675**
Loss before tax		**(3,607)**
Income tax recovery		**1,523**
Net loss		**(2,084)**
% of ownership		**58.4%**
Corporation share of net loss	**$**	**(1,217)**

(in thousands of Canadian dollars)

Impact

The Corporation owns a 52.0% interest in Impact. The principal place of business is Kelowna, British Columbia, Canada.

On December 31, 2020, the Corporation and the principal of Impact entered into an amending agreement to amend the terms of the shareholders agreement. Though the Corporation has maintained its ownership interest, as of December 31, 2020, the Corporation no longer has the ability to unilaterally determine matters requiring approval by the Board of Directors. Given that the shareholders' agreement requires all decisions of shareholders to be unanimous, the Corporation was determined to have joint control of Impact with the minority interest holder. The Corporation is entitled to the net assets of Impact, and therefore, the joint arrangement is considered a joint venture and accounted for using the equity method.

As a result of the disposal of the previous parent-subsidiary relationship, the Corporation has presented the results of Impact as discontinued operations for the comparative period in the Corporation's consolidated statements of (loss) income (see note 24).

During the year ended December 31, 2021, the Corporation received distributions from Impact of $728.

The following table summarises the statement of financial position information of Impact:

		December 31, 2021		December 31, 2020
Current assets	**$**	**4,964**	$	4,106
Non-current assets		**10,917**		11,662
Current liabilities		**(1,669)**		(534)
Non-current liabilities		**(3,137)**		(3,378)
Net assets		**11,075**		11,856
% of ownership		**52.0%**		52.0%
		5,759		6,165
Goodwill (1)		**4,170**		4,178
Corporation share of net assets	**$**	**9,929**	$	10,343

(1) Impact's goodwill is adjusted for foreign exchange translation differences at the end of each reporting period.

Year ended December 31,		**2021**
Revenue	**$**	**9,938**
Expenses		**8,956**
Income before tax		**982**
Income tax expense		**(334)**
Net income		**648**
% of ownership		**52.0%**
Corporation share of net income	**$**	**337**

Other comprehensive loss	**$**	**(41)**
% of ownership		**52.0%**
Corporation share of other comprehensive loss	**$**	**(21)**

(in thousands of Canadian dollars)

Other Core Business Operations' Equity-Accounted Investments

The following tables summarize the financial information of the Corporation's investments in its non-significant joint arrangements. The Corporation's ownership interest in these entities ranges from 30%-50%. The Corporation is entitled to the net assets of these entities, and therefore, the joint control arrangements are considered joint ventures and accounted for using the equity method.

During the year ended December 31, 2021, the Corporation made investments of $300 in non-significant joint arrangements (December 31, 2020—$nil); and received distributions from its non-significant joint arrangements of $721 (December 31, 2020—$600).

		December 31, 2021		December 31, 2020
Current assets	**$**	**978**	$	442
Non-current assets		**163**		114
Current liabilities		**(616)**		(294)
Non-current liabilities		**-**		(60)
Net assets		**525**		202
% of ownership		**30%-50%**		50%
		223		101
Goodwill		**1,303**		1,063
Corporation share of net assets	**$**	**1,526**	$	1,164

For the years ended December 31,		**2021**		2020
Revenue	**$**	**6,125**	$	3,726
Expenses (including income tax)		**4,565**		2,656
Net income		**1,560**		1,070
% of ownership		**30-50%**		50%
Corporation share of net income	**$**	**781**	$	535

Impairment Assessment

Based on management's assessment, no impairment was recognized on equity-accounted investments during the year ended December 31, 2021 and December 31, 2020.

(in thousands of Canadian dollars)

6. CAPITAL ASSETS

		Leasehold improvements		Fitness equipment		Other		Total capital assets
Cost								
Balance at December 31, 2019	$	13,429	$	10,814	$	1,646	$	25,889
Additions		1,645		1,614		270		3,529
Disposals [1]		(14,958)		(12,428)		(1,424)		(28,810)
Balance at December 31, 2020	$	116	$	-	$	492	$	608
Additions		-		-		**134**		**134**
Disposals		-		-		**(145)**		**(145)**
Balance at December 31, 2021	**$**	**116**	**$**	**-**	**$**	**481**	**$**	**597**
Accumulated amortization								
Balance at December 31, 2019	$	(3,350)	$	(2,830)	$	(715)	$	(6,895)
Disposals [1]		4,893		4,135		920		9,948
Depreciation and amortization expense		(1,636)		(1,305)		(399)		(3,340)
Balance at December 31, 2020	$	(93)	$	-	$	(194)	$	(287)
Disposals		-		-		**145**		**145**
Depreciation and amortization expense		**(18)**		**-**		**(85)**		**(103)**
Balance at December 31, 2021	**$**	**(111)**	**$**	**-**	**$**	**(134)**	**$**	**(245)**
Carrying value								
December 31, 2020	$	23	$	-	$	298	$	321
December 31, 2021	**$**	**5**	**$**	**-**	**$**	**347**	**$**	**352**

(1) As at December 31, 2020 the capital assets relating to the operations of the Non-Core Assets were included in the equity-accounted investments (see note 24).

7. RIGHT OF USE ASSETS

		Office & Buildings		Vehicles		Total
Cost						
Balance at December 31, 2019	$	49,295	$	121	$	49,416
Additions		12,966		74		13,040
Disposals [1]		(59,502)		(195)		(59,697)
Lease modifications		(41)		-		(41)
Balance at December 31, 2020	$	2,718	$	-	$	2,718
Balance at December 31, 2021	**$**	**2,718**	**$**	**-**	**$**	**2,718**
Accumulated amortization						
Balance at December 31, 2019	$	(3,997)	$	(40)	$	(4,037)
Disposals [1]		8,212		86		8,298
Depreciation and amortization expense		(4,756)		(46)		(4,802)
Balance at December 31, 2020	$	(541)	$	-	$	(541)
Depreciation and amortization expense		**(318)**		**-**		**(318)**
Balance at December 31, 2021	**$**	**(859)**	**$**	**-**	**$**	**(859)**
Carrying value						
December 31, 2020	$	2,177	$	-	$	2,177
December 31, 2021	**$**	**1,859**	**$**	**-**	**$**	**1,859**

(1) As at December 31, 2020 the right-of-use assets relating to the operations of the Non-Core Assets were included in the equity-accounted investments (see note 24).

(in thousands of Canadian dollars)

8. INTANGIBLE ASSETS AND GOODWILL

	Franchise rights, relationships and agreements	Brand names	Customer relationships	Other [1]	Total intangible assets
Cost					
Balance at December 31, 2019	$ 93,063	$ 47,778	$ 18,567	$ 6,060	$ 165,468
Additions	4,974	-	-	232	5,206
Disposals [2]	-	(2,078)	(18,719)	(1,078)	(21,875)
Effect of movements in exchange rates	-	-	152	-	152
Balance at December 31, 2020	$ 98,037	$ 45,700	$ -	$ 5,214	$ 148,951
Additions	**4,778**	**-**	**-**	**117**	**4,895**
Disposals	**(1,417)**	**-**	**-**	**(34)**	**(1,451)**
Balance at December 31, 2021	**$ 101,398**	**$ 45,700**	**$ -**	**$ 5,297**	**$ 152,395**
Accumulated amortization					
Balance at December 31, 2019	$ (16,336)	$ (710)	$ (5,690)	$ (4,337)	$ (27,073)
Disposals [2]	-	947	7,627	857	9,431
Depreciation and amortization recognized as a charge against revenue	(2,001)	-	-		(2,001)
Depreciation and amortization expense	(3,480)	(237)	(1,937)	(566)	(6,220)
Balance at December 31, 2020	$ (21,817)	$ -	$ -	$ (4,046)	$ (25,863)
Disposals	**1,322**	**-**	**-**	**-**	**1,322**
Depreciation and amortization recognized as a charge against revenue	**(2,716)**	**-**	**-**	**-**	**(2,716)**
Depreciation and amortization expense	**(3,309)**	**-**	**-**	**(400)**	**(3,709)**
Balance at December 31, 2021	**$ (26,520)**	**$ -**	**$ -**	**$ (4,446)**	**$ (30,966)**
Carrying value					
December 31, 2020	$ 76,220	$ 45,700	$ -	$ 1,168	$ 123,088
December 31, 2021	**$ 74,878**	**$ 45,700**	**$ -**	**$ 851**	**$ 121,429**

(1) Other intangible assets are comprised of software acquired on the initial acquisition of the Core Business Operations (including Newton).
(2) As at December 31, 2020, the intangible assets relating to the operations of the Non-Core Assets were included in equity-accounted investments (see note 24).

Intangible assets with indefinite lives:

	December 31, 2021	December 31, 2020
DLC Group Franchise brand names	**$ 45,700**	$ 45,700

For the purposes of impairment testing, the Corporation has two groups of CGUs, to which goodwill is allocated: the DLC Group Franchises and Newton.

The following table shows the carrying amount of goodwill by CGU:

Goodwill by CGU	**December 31, 2021**	December 31, 2020
DLC Group Franchises	**$ 57,097**	$ 57,097
Newton	**3,340**	3,340
	$ 60,437	$ 60,437

(in thousands of Canadian dollars)

The Corporation completed its annual impairment test for goodwill and indefinite-life intangible assets as at December 31, 2021. The recoverable amounts were based on the fair value less cost of disposal, 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 (level 3 within the fair value hierarchy). 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.

The Corporation's assumptions regarding revenue, gross margin, cash flows and earnings before interest, tax, depreciation and amortization ("EBITDA") were based on each CGU's internal budget, which is approved by its Board of Directors. The key assumptions used in performing the impairment tests were as follows:

	DLC Group Franchises	Newton
Perpetual growth rate	2.0%	2.0%
Tax rate	26.8%	26.8%
Discount rate	10.1%	19.5%

Based on management's assessment, no impairment was recognized during the years ended December 31, 2021 and December 31, 2020.

Sensitivity analysis

The estimated recoverable amounts for each CGU or group of CGUs are sensitive to certain inputs. The recoverable amount of each CGU or group of CGUs is sensitive to changes in market conditions and could result in material changes in its carrying value in the future. Based on a sensitivity analysis, the Corporation does not believe there are any reasonable changes in key assumptions that would cause the recoverable amount of the DLC Group Franchises or Newton CGUs to fall below their carrying amounts.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2021	December 31, 2020
Accrued liabilities		
Commissions payable	**$ 18,253**	$ 13,216
Operational lender credit	**2,116**	1,921
SIB liability (note 16)	**11,250**	-
Royalty rebates	**2,370**	1,134
Restricted share units liability (note 17)	**1,577**	231
Other accrued liabilities	**6,247**	3,834
	41,813	20,336
Trade payables	**1,471**	799
Income tax payable	**3,322**	2,020
Government agencies payable	**223**	931
Other	**55**	42
	$ 46,884	$ 24,128

(in thousands of Canadian dollars)

10. DEFERRED CONTRACT LIABILITIES

The following table provides information about deferred contract liabilities from contracts with customers.

		2021		2020
Balance at January 1	$	**2,612**	$	2,727
Additions		**2,227**		9,581
Revenue recognized from deferred contract liabilities		**(3,158)**		(8,908)
Disposal [1]		-		(788)
Balance at December 31	$	**1,681**	$	2,612
Current	$	**1,129**	$	900
Non-current	$	**552**	$	1,712

(1) As at December 31, 2020, the liabilities relating to the operations of the Non-Core Assets were included in equity-accounted investments (see note 24).

11. OTHER LONG-TERM LIABILITIES

		December 31, 2021		December 31, 2020
Restricted share units liability	$	**1,096**	$	1,602
Impact contingent liability (see note 28)		**1,000**		1,000
Franchise renewal incentives		**444**		555
Constructive obligation (see note 27)		-		1,036
Other		-		311
	$	**2,540**	$	4,504

12. NON-CONTROLLING INTEREST

Non-controlling interests represent third-party equity interests in subsidiaries controlled by the Corporation. Within the Core Business Operations is the Corporation's interest in Newton, of which the Corporation owned 70% as at December 31, 2021.

The table below summarizes the financial information for Newton. The amounts disclosed are based on the total balances included in these financial statements.

As at and for the year ended December 31,		2021		2020
Carrying value on the financial statements	$	**2,081**	$	1,423
Non-controlling interest ownership percentage		**30.0%**		30.0%
Current assets	$	**5,381**	$	3,832
Non-current assets		**3,954**		3,909
Current liabilities		**(2,902)**		(3,334)
Non-current liabilities		**(119)**		(141)
Revenues		**12,901**		7,147
Net income		**5,048**		2,184
Net income attributable to non-controlling interest		**1,514**		655
Cash flow provided by operating activities		**4,249**		2,701
Cash flow used in investing activities		**(117)**		(232)
Cash flow used in financing activities		**(3,021)**		(1,549)
Increase in net cash and cash equivalents	$	**1,111**	$	920

(in thousands of Canadian dollars)

13. LOANS AND BORROWINGS

		December 31, 2021		December 31, 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
Less: current portion		**1,233**		7,410
	$	**35,233**	$	33,368

On December 22, 2021, the Corporation entered into a new credit facility agreement with Toronto-Dominion Bank (“TD”). The credit facilities are 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

The Senior Credit Facilities provide the Corporation with a $5,000 revolving working capital credit line (the “Revolving Facility”); a $10,000 revolving acquisition credit line (the “Acquisition Facility”); and a $20,000 term loan to fund the Corporation’s SIB dated December 1, 2021 (see note 16) 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 segment’s assets. The proceeds from the Senior Credit Facilities were used to: (i) replace the 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 a dividend in an amount equal to their pro rata share of the borrowings used to fund the SIB.

Borrowings under the Senior Credit Facilities can be comprised of floating rate advances or Canadian banker acceptance (“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, $1,233 of the balance outstanding on the Acquisition facility is classified as current.

As at December 31, 2021, the outstanding Senior Credit Facilities were solely floating rate advances with an annual interest rate at prime.

Previous Facilities

Prior to the new TD credit facilities entered into 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 $3,263 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

(in thousands of Canadian dollars)

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

The Junior Credit Facility provides the Corporation with a $32,000 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 can be 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 and plus a stamping fee of 2.50% to 3.00%.

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.

As at December 31, 2021, the Junior Credit Facility was solely a floating-rate advance and bore annual interest at prime plus 0.75%.

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 $39,281 (USD $30,735) (December 31, 2020—CAD $2,476 (USD $1,886)).

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.

14. LEASE OBLIGATIONS

The Corporation has commitments under leases for buildings and office space with varying terms that expire between 2021 and 2026, captured in the below value.

Balance at December 31, 2019	$	49,859
Additions of new leases		13,040
Lease payments		(5,223)
Lease abatements		(468)
Tenant allowances		330
Lease modifications		(41)
Change in fair value		(43)
Interest on lease obligations (1)		2,712
Disposals (2)		(57,453)
Balance at December 31, 2020		2,713
Lease payments		**(551)**
Interest on lease obligations		**134**
Balance at December 31, 2021		**2,296**
Current portion		**(436)**
	$	**1,860**

(1) Interest on lease obligations includes interest expense from discontinued operations.
(2) As at December 31, 2020, all liabilities relating to the operations of the Non-Core Assets are included within equity-accounted investments (see note 24).

(in thousands of Canadian dollars)

The approximate undiscounted lease payments remaining are as follows:

Year		Lease payments
2022	$	605
2023		568
2024		414
2025		171
2026		80
Balance at December 31, 2021		**1,838**
Less: leases not yet commenced (1)		**359**
	$	**1,479**

(1) Included in the approximate lease payment schedule and excluded from lease liabilities at December 31, 2021 is an office space lease. The lease agreement was entered into as of December 31, 2021 but does not commence until February 1, 2022, with a term of five years.

15. PREFERRED SHARE LIABILITY

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, and dividends paid. The change in the time-value of money is reflected as accretion expense. The change in the estimated future Dividend Entitlement is reflected as revaluation recovery or expense. The revaluation recovery or expense and accretion expense are non-cash items, recognized on the consolidated statements of (loss) income within finance expense on the Preferred Share liability.

The Dividend Entitlement is determined by 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 monthly cash dividends (“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 the actual Dividend Entitlement based on seasonality of cash flows. During the year ended December 31, 2021, the Corporation paid Interim Dividends to the Preferred Shareholders of $13,768 (December 31, 2020—$nil), and the Dividend Entitlement attributable to Preferred Shareholders was $14,786 (December 31, 2020—$nil); resulting in a Dividend Entitlement payable to the Preferred Shareholders at December 31, 2021 of $1,018, included in the Preferred Share liability (December 31, 2020—$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 of the sale of the Core Business Operations. The Preferred Shareholders are not 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.

(in thousands of Canadian dollars)

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**	**$**	**118,460**
Current		**$**	**14,908**
Non-Current		**$**	**103,552**

(1) Net of transaction costs.

For the years ended December 31,		**2021**		2020
Accretion expense on the Preferred Share liability	**$**	**16,708**	$	-
Revaluation expense of the Preferred Share liability		**9,835**		-
Finance expense on the Preferred Share liability	**$**	**26,543**	$	-

16. SHARE CAPITAL

Authorized share capital

The Corporation is authorized to issue an unlimited number of class A common shares ("Common Shares") without par value, and an unlimited number of Preferred Shares (see note 15).

A summary of changes in Common Share capital in the period is as follows:

	Number of Common Shares		Amount
Balance at December 31, 2020	46,653,941	$	130,216
Cancelled shares	**(296,100)**		**(948)**
SIB	**-**		**(11,250)**
Balance at December 31, 2021	**46,357,841**	**$**	**118,018**

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. Under the NCIB, the Corporation could purchase up to 2,332,697 Common Shares. During the year ended December 31, 2021, the Corporation made repurchases under the NCIB of 296,100 at an average price of $3.20 per Common Share. The repurchased shares were cancelled and returned to treasury.

The Corporation implemented a 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, the Corporation had an existing obligation. As the Corporation is committed to purchase up to 3,000,000 Common Shares, the Corporation has recognized a liability at December 31, 2021 for the maximum aggregate of the SIB, of $11,250 with the offset to share capital (see note 9). On January 11, 2022, the Corporation purchased 1,781,790 Common Shares that were validly tendered for an aggregate cost of $6,682, which were cancelled and returned to treasury (see note 29).

17. SHARE-BASED PAYMENTS

Share options

Under the Corporation's share option plan ("Plan"), the Corporation may grant share options to its directors, officers, employees, and consultants for up to 10% of the issued and outstanding Common Shares at the time of the share option grant. The Corporation's directors determine the term and vesting period of the share options at the time of the grant with the maximum term under the plan being ten years from the grant date. The exercise price of each share option is determined on issuance of the share options, which cannot be less than the market price, less a maximum discount of 15%, as defined by the Exchange.

(in thousands of Canadian dollars)

A summary of share option activity in the period is as follows:

	Number of share options		Weighted average exercise price
Outstanding share options, December 31, 2020	323,893	$	3.65
Expired	**(248,893)**		**3.84**
Outstanding share options, December 31, 2021	**75,000**	**$**	**3.00**

The following table summarizes the share options outstanding and exercisable under the Plan as at December 31, 2021:

Grant date	Share options outstanding	Years to Maturity	Share options exercisable	Weighted average exercise price
July 3, 2017	75,000	0.5	75,000	3.00

The Corporation recorded total share-based payment expense of $1,107 for the year ended December 31, 2021 (December 31, 2020—$1,655) for continuing operations. These amounts include share-based payment expense related to the Corporation's RSUs of $879 (December 31, 2020—$1,548), and $228 expense related to the Corporation's PSOs for the year ended December 31, 2021 (December 31, 2020 — $107).

PSO plan

The Corporation's PSOs were issued to employees with an exercise price of $2.75. Each PSO entitles the holder thereof to cash payments equal to the difference between the PSO price and the market price upon the exercise date. The PSOs have a five-year term and vest one-third on the first, second and third anniversary from the date of grant. At December 31, 2020, the PSOs have fully vested.

At December 31, 2021 and December 31, 2020, the Corporation had 295,000 PSOs outstanding. At December 31, 2021, the PSOs were in-the-money and the Corporation recognized a liability of $335 (December 31, 2020 — $107).

RSU plan

The Corporation's RSUs were issued to corporate directors and employees. The Corporation's RSU plan provides RSUs to be settled in cash on the vesting date. The Corporation's directors determine at the time of the grant: the vesting period, the number of units issued, and the terms of the RSUs.

A summary of the RSU activity in the period is as follows:

Outstanding RSUs, December 31, 2020	747,040
Settled	**(90,000)**
Outstanding RSUs, December 31, 2021	**657,040**

The following table summarizes the outstanding RSUs as at December 31, 2021:

Grant date	Issued to	Vesting date	Outstanding RSUs		Liability at December 31, 2021
May 1, 2019	Directors	Immediately (1)	173,000	$	649
June 11, 2020	Directors	Immediately (1)	292,174		1,096
June 11, 2020	Employees	May 1, 2022	191,866		593
			657,040	$	2,338

(1) The payment date for the RSUs granted on May 1, 2019 and June 11, 2020 to Directors is December 15, 2022 and December 15, 2023, respectively.

Warrants

The following table summarizes the warrants outstanding:

	Years to Maturity	Warrants Outstanding		Exercise price
Outstanding lender warrants, December 31, 2020	2.45	2,078,568	$	1.44
Outstanding lender warrants, December 31, 2021	**1.45**	**2,078,568**	**$**	**1.44**

(in thousands of Canadian dollars)

18. SEGMENTED INFORMATION

The Corporation's operating segments represent the components of the business whose operating results are reviewed regularly by the Corporation's chief operating decision makers, who are comprised of the Corporation's senior management. At December 31, 2021, the Corporation has two operating segments: the Core Business Operations segment and the Non-Core Business Asset Management segment.

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.

The Non-Core Business Asset Management segment includes the Corporation's interest in the Non-Core Assets and 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.

As of December 31, 2020, Club16 and Impact became equity-accounted investments (see note 5). Accordingly, the results of Club16 and Impact have been excluded from the segmented information for the comparative income statement information (see note 24).

As at December 31, 2021	Core Business Operations	Non-Core Business Asset Management	Consolidated
Cash and cash equivalents	$ 19,046	$ 1,840	$ 20,886
Trade, other receivables and other assets	18,179	113	18,292
Right-of-use assets	1,859	-	1,859
Intangible assets	121,429	-	121,429
Goodwill	60,437	-	60,437
Capital and other assets	3,668	27,354	31,022
Total assets	$ 224,618	$ 29,307	$ 253,925
Accounts payable and accrued liabilities	$ 33,714	$ 13,170	$ 46,884
Lease obligations	1,966	330	2,296
Loans and borrowings	6,018	30,448	36,466
Deferred tax liability (asset)	26,016	(14,239)	11,777
Preferred share liability	118,460	-	118,460
Other liabilities	2,126	2,095	4,221
Total liabilities	$ 188,300	$ 31,804	$ 220,104

For the year ended December 31, 2021	Core Business Operations	Non-Core Business Asset Management	Consolidated
Revenue	$ 78,816	$ -	$ 78,816
Direct costs	9,845	-	9,845
General and administrative	23,984	2,363	26,347
Share-based payments expense	-	1,107	1,107
Depreciation and amortization	4,111	19	4,130
Finance expense	265	6,543	6,808
Finance expense on the Preferred Share liability	26,543	-	26,543
Other (income) expense	(1,759)	950	(809)
Income (loss) before tax from continuing operations	$ 15,827	$ (10,982)	$ 4,845

For the year ended December 31, 2021	Core Business Operations	Non-Core Business Asset Management	Consolidated
Cash flows provided by / (used in) operating activities	$ 46,735	$ (7,674)	$ 39,061
Cash flows (used in) / provided by investing activities	(26,129)	21,370	(4,759)
Cash flows used in financing activities	(11,379)	(12,366)	(23,745)
Increase in cash and cash equivalents	$ 9,227	$ 1,330	$ 10,557

(in thousands of Canadian dollars)

As at December 31, 2020	Core Business Operations	Non-Core Business Asset Management	Consolidated
Cash and cash equivalents	$ 9,819	$ 497	$ 10,316
Trade, other receivables and other assets	14,502	485	14,987
Right-of-use assets	2,177	-	2,177
Intangible assets	123,088	-	123,088
Goodwill	60,437	-	60,437
Deferred tax asset	-	16,654	16,654
Capital and other assets	3,389	29,146	32,535
Total assets	$ 213,412	$ 46,782	$ 260,194
Accounts payable and accrued liabilities	$ 23,455	$ 673	$ 24,128
Capital lease obligation	2,234	479	2,713
Loans and borrowings	3,263	37,515	40,778
Foreign exchange forward contract liability	-	2,623	2,623
Deferred tax liability (asset)	27,135	(874)	26,261
Preferred share liability	105,685	-	105,685
Other liabilities	4,203	2,913	7,116
Total liabilities	$ 165,975	$ 43,329	$ 209,304

For the year ended December 31, 2020	Core Business Operations	Non-Core Business Asset Management	Consolidated
Revenue	$ 52,413	$ -	$ 52,413
Direct costs	6,615	-	6,615
General and administrative	19,508	2,075	21,583
Share-based payments	-	1,655	1,655
Depreciation and amortization	4,295	17	4,312
Finance expense	391	5,309	5,700
Other (income) expense	(1,120)	606	(514)
Income (loss) before tax from continuing operations	$ 22,724	$ (9,662)	$ 13,062

For the year ended December 31, 2020	Core Business Operations	Non-Core Business Asset Management	Discontinued Operations	Consolidated
Cash flows provided by / (used in) operating activities	$ 30,499	$ (7,301)	$ 9,992	$ 33,190
Cash flows (used in) / provided by investing activities	(15,856)	8,224	(6,145)	(13,777)
Cash flows used in financing activities	(8,456)	(1,192)	(4,812)	(14,460)
Increase (decrease) in cash and cash equivalents	$ 6,187	$ (269)	$ (965)	$ 4,953

Refer to note 24 for detailed cash flows from discontinued operations.

19. REVENUE

For the years ended December 31,	**2021**	2020
Franchising revenue, mortgage brokerage services	**$ 64,968**	$ 44,761
Newton revenues	**12,901**	7,147
Brokering of mortgages	**947**	505
	$ 78,816	$ 52,413

Revenue earned from contracts with customers earned over time, gross of the amortization of franchise payments, included in the above for the Core Business Operations is $81,272 for the year ended December 31, 2021 (December 31, 2020—$54,261). Revenues earned from contracts with customers not earned over time is $260 for the year ended December 31, 2021 (December 31, 2020—$153).

(in thousands of Canadian dollars)

20. GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended December 31,		2021		2020
Salary and salary-related	$	**16,689**	$	12,557
Office, administration and property costs		**3,572**		3,304
Advertising, promotion and travel		**1,432**		2,143
Professional fees		**1,257**		874
Management and consulting fees		**2,917**		2,100
Other expenses		**480**		605
	$	**26,347**	$	21,583

21. FINANCE EXPENSE

For the years ended December 31,		2021		2020
Interest expense on debt obligations	$	**5,067**	$	4,742
Interest on lease obligations		**134**		137
Amortization of debt-issuance costs		**1,607**		793
Accretion expense		**-**		28
	$	**6,808**	$	5,700

22. INCOME TAXES

Total income tax expense differs from the amount that would arise using the combined Canadian federal and provincial tax rate of 26.7% (2020—26.7%). Below is a reconciliation of income taxes calculated at the combined statutory rates to the tax expense recorded for 2021 and 2020:

For the years ended December 31,		2021		2020
Income before income tax from continuing operations	$	**4,845**	$	13,062
Income before income tax multiplied by the statutory rate of 26.7% (2020—26.7%)		**(1,294)**		(3,488)
Effect of:				
Permanent differences		**(624)**		(575)
Non-deductible finance expense on the Preferred Share liability		**(7,090)**		-
Change in tax rates and rate differences		**241**		100
Change in unrecognized temporary differences		**1**		(695)
Recognized prior period non-capital losses		**-**		14,059
Reserve for non-capital loss carry forward		**14**		(258)
Other		**(36)**		1,666
Total tax (expense) recovery from continuing operations	$	**(8,788)**	$	10,809

On January 1, 2021, the amalgamation of Dominion Lending Centres Inc. and Founders Advantage Capital Corp. resulted in the non-capital losses previously shown as gross deferred income tax assets no longer occurring within a different entity. As such, the Corporation has presented the deferred tax asset as a reduction to deferred tax liabilities as at December 31, 2021.

During the year ended December 31, 2021, the Corporation added $8,909 non-capital losses to its Non-Core Business Asset Management segment's carry-forward balance and used $21,478 of its non-capital loss carry-forwards in its Core Business Operations segment. As at December 31, 2021, the non-capital losses and deferred tax asset were $49,751 and $13,273, respectively (December 31, 2020—$62,320 and $16,654 respectively). These Canadian tax losses expire between 2025 and 2039.

(in thousands of Canadian dollars)

Deferred tax assets as at December 31, 2021, and December 31, 2020, consist of the following:

		December 31, 2021		December 31, 2020
Recognized non-capital loss	**$**	**-**	$	16,654
Deferred tax asset	**$**	**-**	$	16,654

The deferred tax asset movement is as comprised of:

		December 31, 2021		December 31, 2020
Balance, beginning of year	**$**	**16,654**	$	-
Deferred tax asset reclassed to offset deferred tax liability		**(16,654)**		-
Deferred tax recovery recognized in net loss from continuing operations		**-**		16,654
Deferred tax asset	**$**	**-**	$	16,654

Deferred tax liabilities as at December 31, 2021 and 2020, consist of the following:

		December 31, 2021		December 31, 2020
Deferred tax liabilities				
Intangible assets	**$**	**(25,889)**	$	(26,948)
Right-of-use assets		**(497)**		(582)
		(26,386)		(27,530)
Deferred tax assets				
Recognized non-capital loss		**13,291**		64
Capital assets		**(23)**		39
Share capital issuance costs		**759**		518
Debt issuance costs		**(19)**		99
Lease liabilities, net of lease receivable		**587**		686
Other		**14**		(137)
		14,609		1,269
Net deferred tax liability	**$**	**(11,777)**	$	(26,261)

The deferred tax liability movement is as comprised of:

		December 31, 2021		December 31, 2020
Balance, beginning of year	**$**	**(26,261)**	$	(30,978)
Deferred tax (expense) recovery recognized in net income from continuing operations		**(2,170)**		672
Deferred tax asset reclassified to offset deferred tax liability		**16,654**		-
Deferred tax recovery recognized in net income from discontinued operations (1)		**-**		523
Deferred tax derecognized on discontinued operations (1)		**-**		3,522
Net deferred tax liability	**$**	**(11,777)**	$	(26,261)

(1) As at December 31, 2020, the net assets of the Non-Core Assets are included within equity-accounted investments (see note 5).

(in thousands of Canadian dollars)

23. (LOSS) EARNINGS PER COMMON SHARE

For the years ended December 31,		2021		2020
Net (loss) earnings attributable to common shareholders	**$**	**(5,508)**	$	20,037
Net earnings attributable to common shareholders from continuing operations		**(5,508)**		16,738
Basic weighted average number of Common Shares (1)		**46,578,984**		38,101,965
Effect of dilutive securities:				
SIB		**63,408**		-
Diluted weighted average number of Commons Shares (1)		**46,642,392**		38,101,965
Basic (loss) earnings per Common Share	**$**	**(0.12)**	$	0.53
Diluted (loss) earnings per Common Share	**$**	**(0.12)**	$	0.53
Continuing operations:				
Basic (loss) earnings per Common Share	**$**	**(0.12)**	$	0.44
Diluted (loss) earnings per Common Share	**$**	**(0.12)**	$	0.44

(1) The number of Common Shares outstanding at December 31, 2021 excludes the shares cancelled under the SIB, as the SIB was completed subsequent to December 31, 2021 (see note 16).

As at December 31, 2021, there were 75,000 share options (December 31, 2020—323,893) and 2,078,568 lender warrants outstanding (December 31, 2020—2,078,568) (see note 17). For the year ended December 31, 2020, these share options and lender warrants were considered anti-dilutive.

24. DISCONTINUED OPERATIONS

On December 31, 2020, the Corporation amended its shareholder agreements with the minority shareholders of Club16 and Impact (see note 5). Its ownership interest remained the same in Club16 and Impact at 58.4% and 52.0%, respectively.

As a result of the disposal of the previous parent-subsidiary relationship, the Corporation reclassified the results of Club16 and Impact for the comparative year ended December 31, 2020 as discontinued operations in the Corporation's consolidated statements of (loss) income. The current period results for Club16 and Impact are reflected as income from equity-accounted investments (see note 5).

The following summarizes the results of these discontinued operations in the comparative year ended December 31, 2020:

For the year ended December 31, 2020		Club16		Impact		Total
Revenue	$	23,801	$	8,644	$	32,445
Expenses (1)		28,281		8,618		36,899
(Loss) income before tax from discontinued operations		(4,480)		26		(4,454)
Current tax expense		-		(326)		(326)
Deferred tax recovery		251		272		523
		251		(54)		197
Gain on valuation of equity-accounted investments		2,803		3,142		5,945
(Loss) income from discontinued operations	$	(1,426)	$	3,114	$	1,688
Attributable to:						
Shareholders	$	371	$	2,928	$	3,299
Non-controlling interest	$	(1,797)	$	186	$	(1,611)
Earnings from discontinued operations per Common Share attributable to shareholders:						
Basic earnings per share	$	0.01	$	0.08	$	0.09
Diluted earnings per share	$	0.01	$	0.08	$	0.09

(1) Included in expenses is other income, which includes wage subsidies of $1,353 and $260 for Club16 and Impact, respectively. Club16's expenses also include other income from lease abatements of $468.

The following are the cash flows from the Corporation's discontinued operations for the comparative year ended December 31, 2020:

(in thousands of Canadian dollars)

For the year ended December 31, 2020		Club16		Impact		Total
Cash from operating activities	$	8,801	$	1,191	$	9,992
Cash used in investing activities		(4,465)		(1,680)		(6,145)
Cash used in financing activities		(4,732)		(80)		(4,812)
Cash flows used in discontinued operations	$	(396)	$	(569)	$	(965)
Impact of foreign exchange on cash and cash equivalents	$	-	$	16	$	16

At December 31, 2020, Club16 and Impact had cash balances of $390 and $142, respectively.

25. SUPPLEMENTAL CASH FLOW INFORMATION

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

For the years ended December 31,		2021		2020
Trade and other receivables	**$**	**(4,013)**	$	(1,117)
Prepaid expenses and deposits		**87**		(62)
Notes receivable		**188**		(121)
Inventories		**-**		802
Accounts payable and accrued liabilities		**11,699**		9,869
Deferred contract liability		**229**		1,014
Other current liabilities		**13**		(190)
	$	**8,203**	$	10,195

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

Market risk

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

Foreign exchange risk

The Corporation's exposure to foreign exchange fluctuations is limited to its cash balances in USD bank accounts. At December 31, 2021, the cash balance is USD $252 (CAD $320), compared to USD $267 (CAD $340) at December 31, 2020. At December 31, 2021, the Corporation is no longer exposed to foreign exchange rate 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 $30,735 (CAD $39,132). A 10% strengthening of the U.S. dollar against the Canadian dollar would result in a $32 decrease in income before tax for the year ended December 31, 2021 (December 31, 2020—$1,170 decrease).

(in thousands of Canadian dollars)

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

For the years ended December 31,		**2021**		2020
Foreign exchange (loss) gain on debt	**$**	**(183)**	$	621
Change in fair value of foreign exchange contracts		**430**		(562)
Foreign exchange gain	**$**	**247**	$	59

To manage the Corporation's foreign exchange exposure on its USD loan, the Corporation previously entered into foreign exchange forward contracts. During the year ended December 31, 2021, the Corporation repaid the Sagard credit facility and concurrently unwound its USD $24,000 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 $2,397. The Corporation recognized a net realized loss on the change in fair value of the foreign exchange forward contract of $2,193 during the year ended December 30, 2021.

During the year ended December 31, 2020, the Corporation unwound its USD $15,000 foreign exchange forward contract, which was entered into in December 2019, at a forward rate of $1.442 for net proceeds of $1,469. 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 $2,061.

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

For the years ended December 31,		**2021**		2020
Unrealized gain (loss)	$	**2,623**	$	(2,623)
Realized (loss) gain		**(2,193)**		2,061
Change in the fair value of foreign exchange contracts	**$**	**430**	**$**	(562)

Interest rate risk

The Corporation is exposed to interest rate risk on its variable rate loans and borrowings. A 1% increase in interest rates on variable rate loans and borrowings would have resulted in an $345 decrease of income before tax for the year ended December 31, 2021 (December 31, 2020—$666 decrease).

Credit risk

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

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

Our primary source of credit risk relates to the Core Business Operations franchisees, agents, or other customers not paying receivables. The Core Business Operations manages its credit risk by performing credit risk evaluations on its franchisees and agents, and by monitoring overdue trade and other receivables. As at December 31, 2021, $272 (December 31, 2020—$340) of our trade receivables are greater than 90 days' outstanding and the provision for total expected credit losses as at December 31, 2021 is $410 (December 31, 2020—$376). A decline in economic conditions, or other adverse conditions experienced by franchisees and agents, could impact the collectability of the Corporation's accounts receivable.

(in thousands of Canadian dollars)

The Corporation's maximum exposure to credit risk approximates the carrying value of the assets on the Corporation's consolidated statements of financial position.

	December 31, 2021	December 31, 2020
Cash and cash equivalents	**$ 20,886**	$ 10,316
Trade, other receivables and other assets	**18,292**	14,987
Notes receivable	**343**	531
	$ 39,521	$ 25,834

Liquidity risk

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

As at December 31, 2021, contractual cash flow obligations and their maturities were as follows:

	Contractual cash flow	Within 1 year	Within 5 years	Thereafter
Accounts payable and accrued liabilities	$ 46,884	$ 46,884	$ -	$ -
Lease obligations (1)	1,838	605	1,233	-
Loans and borrowings (2)	36,813	1,233	35,580	-
Preferred share liability (3)	118,747	14,908	38,170	65,669
Long-term liabilities	1,541	-	1,541	-
	$ 205,823	$ 63,630	$ 76,524	$ 65,669

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

Capital management

The Corporation's capital structure is composed of total shareholders' equity and loans and borrowings, less cash and cash equivalents. The following table summarizes the carrying value of the Corporation's capital at December 31, 2021, and December 31, 2020.

	December 31, 2021	December 31, 2020
Loans and borrowings	**$ 36,466**	$ 40,778
Less: cash and cash equivalents	**20,886**	10,316
Net loans and borrowings	**$ 15,580**	$ 30,462
Shareholders' equity	**$ 31,740**	$ 49,467

The Corporation's objectives when managing capital include maintaining an optimal capital base to support the capital requirements of the Corporation, including opportunities to grow the number of DLC Group franchises and Newton's technology platform.

The Corporation is not subject to any externally-imposed capital requirements other than certain restrictions under the terms of its loans and borrowing agreements. The Corporation is in compliance with all externally-imposed capital requirements as at December 31, 2021 (see note 13).

(in thousands of Canadian dollars)

Determination of fair value

The Corporation considers the following fair value hierarchy in measuring the fair value of the financial instruments presented in the Corporation's consolidated statements of financial position. The hierarchy reflects the significance of the inputs used in determining the fair values of the Corporation's financial instruments.

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

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

	Carrying value as at December 31, 2021	**Fair value as at December 31, 2021**		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets				
Investments	**$ 246**	**$ -**	**$ -**	**$ 246**
Financial liabilities				
Loans and borrowings	**(36,466)**	**-**	**(36,466)**	**-**

	Carrying value as at December 31, 2020	Fair value as at December 31, 2020		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets				
Investments	$ 246	$ -	$ -	$ 246
Financial liabilities				
Foreign exchange forward contract liability	(2,623)	-	(2,623)	-
Loans and borrowings	(40,778)	-	(40,778)	-

The fair value of trade, other receivables and other assets, notes receivable, accounts payable and accrued liabilities approximate their carrying value due to the short-term nature of these financial instruments. As at December 31, 2021 management has determined that the fair value of its loans and borrowings approximate their carrying value. The majority of loans and borrowings are subject to floating interest rates, and the Corporation and its subsidiaries' credit risk profiles have not significantly changed since obtaining each of the facilities.

27. COMMITMENTS AND CONTINGENCIES

Consulting agreement

In February 2020, the Core Business Operations renewed a consulting agreement whereby the Corporation has agreed to incur an annual amount of $150, paid quarterly, for consulting services related to promotional support. The consulting agreement expired in January 2022.

Service agreement

The Core Business Operations entered into 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 Corporation and the service provider (see note 28). 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 $559 for the year ended December 31, 2021 (December 31, 2020—$137 loss).

Constructive obligation

In response to COVID-19, the Core Business Operations cancelled its annual Manulife Protection Plan Retreat ("MPPR") in 2020. 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 $242 (December 31, 2020—$1,036).

Contingencies

In the normal course of operations, the Company and its investees 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 were 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 that 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

(in thousands of Canadian dollars)

28. RELATED PARTY TRANSACTIONS

Core Business Operations

Property leases

Core Business Operations leases office space from related companies 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 these leases were $383 (December 31, 2020—$291). The lease terms mature 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 $84 (December 31, 2020—$84). 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.

Administrative services

The Core Business Operations has entered into an agreement with a software development company to develop and support a customized mortgage app which is owned by key management of the Core Business Operations (Chris Kayat and Gary Mauris). Total fees charged for services under this agreement for the year ended December 31, 2021 were $975 (December 31, 2020—$932).

Non-Core Business Asset Management

Other

The Corporation 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 $1,000 to this shareholder. As at December 31, 2021, a liability has been recognized for the current fair value of the liability of $1,000 (December 31, 2020—$1,000).

Key management compensation

During the year ended December 31, 2021, $114 was paid to the Board of Directors included within general and administrative expense. 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 within general and administrative expense.

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

For the years ended December 31,		2021		2020
Salaries and benefits	$	6,927	$	4,487
Share-based payments		633		1,381
	$	7,560	$	5,868

29. SUBSEQUENT EVENTS

Substantial Issuer Bid

The Corporation implemented a 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. The Corporation purchased 1,781,790 Common Shares that were validly tendered for an aggregate cost of $6,682, 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, the Corporation drew $7,600 on its DDTL Facility, of which $4,560 was used to fund the SIB and $3,040 was paid as a pro rata (40%) dividend to the Preferred Shareholders. The Corporation used cash on hand to fund the balance of $2,120 to complete the purchase of tendered shares under the SIB. The remaining $12,400 credit available under the $20,000 DDTL facility was cancelled.

Newton Acquisition

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 does not already own (the "Newton Acquisition") for an aggregate purchase price of $24,000 (the "Purchase Price"). The Purchase Price is comprised of a cash payment of $16,865 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. 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. The Newton Acquisition closed on February 28, 2022.

On February 28, 2022, the Corporation entered into an amending agreement with TD, whereby the Corporation increased its Acquisition Facility by $24,000. An aggregate of $16,865 was drawn on the Acquisition Facility to pay the vendors the cash consideration at closing and an aggregate of $7,135 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 $16,865, with borrowings by the Corporation's Core Business Operations increasing by $24,000 and borrowings by the Corporation's Non-Core Business Asset Management segment decreasing by $7,135. With the issuance of the Share Consideration, the adjustments between the Core Business Operations and the Non-Core Business Asset Management segment are necessary to make the Corporations' Non-Core Business Asset Management segment whole for the Share Consideration paid to Next4.