

Dominion Lending Centres Inc.

Q1 2022

Management Discussion & Analysis





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This Management's Discussion and Analysis ("MD&A") contains important information about the results of operations of Dominion Lending Centres Inc. ("we", "our", or the "Corporation") for the three months ended March 31, 2022, as well as information about our financial condition and future prospects. We recommend reading this MD&A, which has been prepared as of May 11, 2022, in conjunction with the interim condensed consolidated financial statements and related notes for the three months ended March 31, 2022 ("interim financial statements"), and our 2021 audited annual consolidated financial statements. Our interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), specifically International Accounting Standard 34 – Interim Financial Reporting. Unless otherwise indicated, all amounts are presented in Canadian dollars.

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

On February 3, 2022, the Corporation's class A common shares ("Common Shares") commenced trading on the Toronto Stock Exchange (the "Exchange" or "TSX") under the symbol "DLCG". Prior thereto, the Corporation's Common Shares traded on the TSX Venture Exchange. Continuous disclosure materials are available on our website at www.dlcg.ca, and on SEDAR at www.sedar.com.

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

OVERVIEW OF OUR BUSINESS

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

At March 31, 2022, the Corporation had two operating segments: the Core Business Operations segment and the Non-Core Business Asset Management segment.

Core Business Operations overview

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

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

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



The Corporation's ownership interests in MA and MCC remain consistent with the ownership interest held as at December 31, 2021. At December 31, 2021, the Corporation held a 70% interest in Newton (the Corporation acquired the remaining 30% on February 28, 2022).

Mortgage Brokerage Franchising (DLC, MA and MCC)

The DLC Group is one of Canada's leading networks of mortgage professionals. The mortgage brokerage business of DLC is carried on under the DLC, MA, and MCC brands and has operations across Canada. The mortgage brokerage business' extensive network includes over 7,800 agents, 536 locations and \$15.9 billion in mortgage origination during the three months ended March 31, 2022; \$78.5 billion for the year ended December 31, 2021. The franchise model provides secure long-term relationships with mortgage experts and the DLC Group provides training, technology, marketing, recruitment and operational support to its franchises.

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

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

Newton Connectivity Systems

On February 28, 2022, the Corporation completed a purchase transaction whereby the Corporation acquired the remaining 30% interest in Newton that it did not already own, in exchange for \$16.9 million in cash and 1,853,247 Common Shares of the Corporation (the "Newton Acquisition"). The Common Shares were issued at a deemed price of \$3.85 per share (the "Share Consideration"). The Newton Acquisition was a related party transaction, refer to the Related Party section of this document. Changes in the Corporation's interest in a subsidiary that does not result in a change in control are accounted for within shareholders' equity.

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

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

Newton earns revenues from three streams:

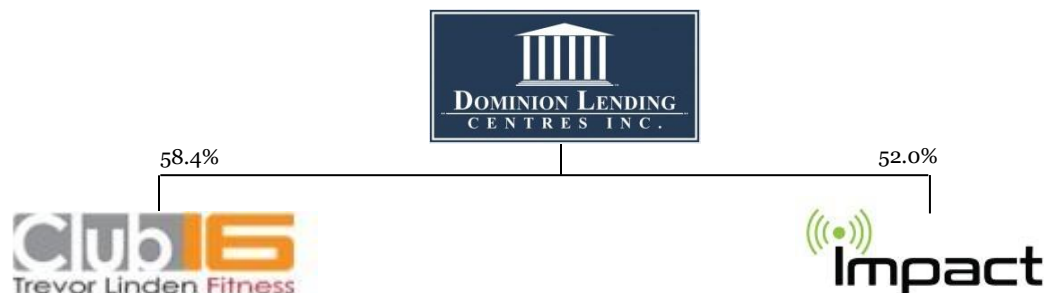
- fees paid by Canadian lenders based on funded volumes of mortgages;
- monthly subscription fees from non-DLC Group brokers; and
- third-party supplier fees on a transaction basis.

Since 2017, Newton has been party to an agreement with a third-party connectivity provider (the "Host"), whereby Newton is obligated to fund a minimum annual funded mortgage volume through the Host's connectivity infrastructure. Newton earns revenues as a percentage of the mortgage volumes funded through the Host. The agreement expires at the

end of June 2022. With the expiration of the agreement, the DLC Group expects to cease using some of the Host's services and intends on fully utilizing its own connectivity bridges.

Non-Core Business Asset Management overview

The Non-Core Business Asset Management segment represents the Corporation's share of income in its equity-accounted investments in Club16 Limited Partnership ("Club16") and Cape Communications International Inc. ("Impact") (collectively, the "Non-Core Assets"); the expenses, assets and liabilities associated with managing the Non-Core Assets; the Junior Credit Facility (as defined herein); and public company costs. The Corporation acquired the Non-Core Assets when it operated as an investment company called, Founders Advantage Capital Corp. The Corporation's ownership interests in the Non-Core Assets remain consistent with the ownership interest held as at December 31, 2021.



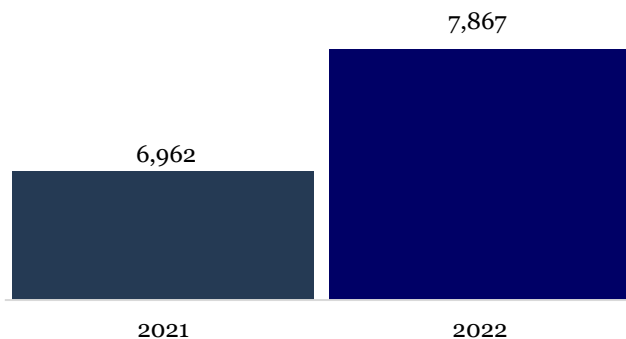
USE OF NON-IFRS FINANCIAL PERFORMANCE MEASURES

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

First Quarter 2022 Highlights

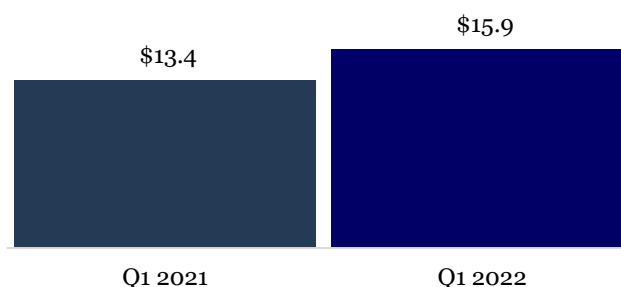
The following are notable performance highlights within Core Business Operations for the three months ended March 31, 2022 along with prior year comparative results for the same period.

Total DLC Group Brokers



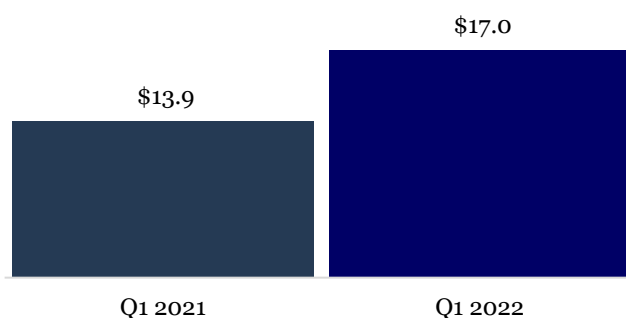
Quarterly Funded Mortgage Volumes

(in billions)



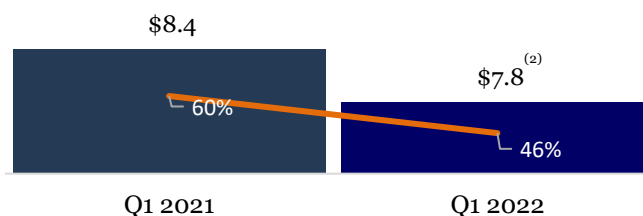
Quarterly Revenues

(in millions)



Core Business Operations' Quarterly Adjusted EBITDA⁽¹⁾ & Adjusted EBITDA Margin⁽¹⁾

(in millions)



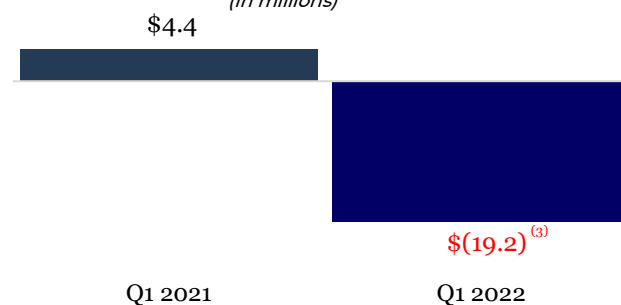
Quarterly Free Cash Flow Attributable to Common Shareholders⁽¹⁾

(in millions)



Core Business Operations' Quarterly (Loss) Income Before Tax

(in millions)



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

(2) Q1 2022 adjusted EBITDA includes an increase in professional fees of \$1.5 million compared to Q1 2021 primarily from elevated legal costs and expenses associated with the stay of the class action legal claim, an ongoing arbitration, the settlement of legal claims, and the completion of the Newton Acquisition.

(3) Core Business Operations' (loss) income before tax for the three months ended March 31, 2022 includes \$25.7 million of non-cash finance expense on the Preferred Share liability (March 31, 2021 – \$3.1 million). As the Corporation's outlook and forecast for the 2022 fiscal year has strengthened since its prior budgeting period in fourth quarter of 2021, the Corporation's Preferred Share liability increased significantly during the three months ended March 31, 2022.

FIRST QUARTER 2022 FINANCIAL HIGHLIGHTS

(in thousands, except per share)	Three months ended March 31,		
	2022	2021	Change
Revenues	\$ 17,029	\$ 13,888	23%
Income from operations	5,328	5,000	7%
Adjusted EBITDA ⁽¹⁾	6,240	7,019	(11%)
Free cash flow attributable to common shareholders ⁽¹⁾	1,141	(1,067)	NMF ⁽³⁾
Net loss ⁽²⁾	(22,490)	(100)	NMF ⁽³⁾
Adjusted net income ⁽¹⁾	1,082	227	377%
Diluted loss per Common Share ⁽²⁾	(0.50)	(0.01)	NMF ⁽³⁾
Adjusted earnings (loss) per Common Share ⁽¹⁾	\$ 0.02	\$ (0.00)	NMF ⁽³⁾

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

(2) Net loss for the three months ended March 31, 2022 includes \$25.7 million of non-cash finance expense on the Preferred Share liability (March 31, 2021 – \$3.1 million). As the Corporation's outlook and forecast for the 2022 fiscal year has strengthened since its prior budgeting period in fourth quarter of 2021, the Corporation's Preferred Share liability increased significantly during the three months ended March 31, 2022.

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

(in thousands)	Three months ended March 31,		
	2022	2021	Change
Adjusted EBITDA ⁽¹⁾			
Core Business Operations	\$ 7,756	\$ 8,380	(7%)
Non-Core Business Asset Management	(1,516)	(1,361)	(11%)
Adjusted EBITDA ⁽¹⁾⁽²⁾	\$ 6,240	\$ 7,019	(11%)

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

(2) Three months ended March 31, 2022 adjusted EBITDA includes an increase in professional fees of \$1.5 million compared to the three months ended March 31, 2021 primarily from elevated legal costs and expenses associated with the stay of the class action legal claim, an ongoing arbitration, the settlement of legal claims, and the completion of the Newton Acquisition.

Highlights

The Corporation incurred a higher net loss during the three months ended March 31, 2022 when compared to the same period in the previous year, primarily due to higher finance expense on the Preferred Share liability of \$22.6 million and higher general administrative expenses from increased legal costs and expenses and personnel costs. As the Corporation's outlook and forecast for the 2022 fiscal year has strengthened since its prior budgeting period in the fourth quarter of 2021, the Corporation's Preferred Share liability increased significantly during the three months ended March 31, 2022. The increase is partly offset by higher DLC Group revenues from an increase in funded mortgage volumes.

Adjusted net income for the three months ended March 31, 2022 increased compared to the same period in the previous year primarily from higher income from operations driven by increased revenues from higher funded mortgage volumes. The increase in adjusted net income contributed to the increase in free cash flow attributable to common shareholders during the three months ended March 31, 2022 when compared to 2021.

Adjusted EBITDA decreased during the three months ended March 31, 2022 when compared to the same period in the previous year from higher general administrative expenses, primarily due to elevated legal costs and expenses associated with the stay of the class action legal claim, an ongoing arbitration, the settlement of legal claims, and the completion of the Newton Acquisition, partly offset by higher revenues from an increase in funded mortgage volumes.

RESULTS OF OPERATIONS

CONSOLIDATED RESULTS

Below is selected financial information from our three months ended March 31, 2022 consolidated financial results. See the Accounting Policies section of this MD&A and notes to our March 31, 2022 interim financial statements for accounting policies and estimates as they relate to the following discussion. A reconciliation of our reportable segments to our consolidated results presented in this table can be found in the Segmented Results section.

(in thousands)	Three months ended March 31,		
	2022	2021	Change
Revenues	\$ 17,029	\$ 13,888	23%
Operating expenses ⁽¹⁾	11,701	8,888	32%
Income from operations	5,328	5,000	7%
Other (expense) income, net ⁽²⁾	(26,514)	(4,320)	NMF
(Loss) income before tax ⁽²⁾	(21,186)	680	NMF
Add back:			
Depreciation and amortization	1,029	1,046	(2%)
Finance expense	432	1,247	(65%)
Finance expense on the Preferred Share liability ⁽²⁾	25,715	3,146	NMF
Other adjusting items ⁽³⁾	250	900	(72%)
Adjusted EBITDA ⁽³⁾⁽⁴⁾	\$ 6,240	\$ 7,019	(11%)

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

(2) (Loss) income before tax for the three months ended March 31, 2022 includes \$25.7 million of non-cash finance expense on the Preferred Share liability within other (expense) income (March 31, 2021 – \$3.1 million). As the Corporation's outlook and forecast for the 2022 fiscal year has strengthened since its prior budgeting period in fourth quarter of 2021, the Corporation's Preferred Share liability increased significantly during the three months ended March 31, 2022.

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

(4) Three months ended March 31, 2022 adjusted EBITDA includes an increase in professional fees of \$1.5 million compared to the three months ended March 31, 2021 primarily from elevated legal costs and expenses associated with the stay of the class action legal claim, an ongoing arbitration, the settlement of legal claims, and the completion of the Newton Acquisition.

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

(in thousands, except shares outstanding)	March 31, 2022	December 31, 2021
Cash and cash equivalents	\$ 13,404	\$ 20,886
Working capital (deficiency)	\$ (14,697)	\$ (23,807)
Total assets	\$ 241,890	\$ 253,925
Total loans and borrowings ⁽¹⁾	\$ 60,271	\$ 36,466
Total non-current liabilities	\$ 201,574	\$ 155,514
Total Preferred Shares liability ⁽²⁾	\$ 138,918	\$ 118,460
Shareholders' equity	\$ (1,816)	\$ 31,740
Common Shares outstanding	46,429,298	46,357,841
Preferred Shares outstanding	26,774,054	26,774,054

(1) Net of debt issuance costs.

(2) Net of transaction costs.

SEGMENTED RESULTS

We discuss the results of the two reportable segments as presented in our March 31, 2022 interim financial statements: Core Business Operations and Non-Core Business Asset Management.

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

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

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

Our reportable segment results reconciled to our consolidated results are presented in the table below.

(in thousands)	Three months ended March 31,		
	2022	2021	Change
Revenues			
Core Business Operations	\$ 17,029	\$ 13,888	23%
Revenues	17,029	13,888	23%
Operating expenses ⁽¹⁾			
Core Business Operations	10,667	7,482	43%
Non-Core Business Asset Management	1,034	1,406	(26%)
Operating expenses ⁽¹⁾	11,701	8,888	32%
Income (loss) from operations			
Core Business Operations	6,362	6,406	(1%)
Non-Core Business Asset Management	(1,034)	(1,406)	26%
Income from operations	5,328	5,000	7%
Adjusted EBITDA ⁽²⁾			
Core Business Operations	7,756	8,380	(7%)
Non-Core Business Asset Management	(1,516)	(1,361)	(11%)
Adjusted EBITDA ⁽²⁾⁽³⁾	\$ 6,240	\$ 7,019	(11%)

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

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

(3) Three months ended March 31, 2022 adjusted EBITDA includes an increase in professional fees of \$1.5 million compared to the three months ended March 31, 2021 primarily from elevated legal costs and expenses associated with the stay of the class action legal claim, an ongoing arbitration, the settlement of legal claims, and the completion of the Newton Acquisition.

Core Business Operations

(in thousands, except KPIs)	Three months ended March 31,		
	2022	2021	Change
Revenues	\$ 17,029	\$ 13,888	23%
Operating expenses ⁽¹⁾	10,667	7,482	43%
Income from operations	6,362	6,406	(1%)
Other (expense) income, net ⁽²⁾	(25,566)	(1,980)	NMF
Loss (income) before tax ⁽²⁾	(19,204)	4,426	NMF
Add back:			
Depreciation and amortization	1,024	1,042	(2%)
Finance expense	187	52	260%
Finance expense on the Preferred Share liability ⁽²⁾	25,715	3,146	NMF
Other adjusting items	34	(286)	NMF
Adjusted EBITDA ⁽³⁾⁽⁴⁾	\$ 7,756	\$ 8,380	(7%)
Key Performance Indicators			
Funded mortgage volumes ⁽⁵⁾	15,917	13,435	18%
Number of franchises ⁽⁶⁾	536	514	4%
Number of brokers ⁽⁶⁾	7,867	6,962	13%
% of funded mortgage volumes submitted through Velocity	52%	35%	49%

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

(2) Core Business Operations' (loss) income before tax for the three months ended March 31, 2022 includes \$25.7 million of non-cash finance expense on the Preferred Share liability within other (expense) income (March 31, 2021 – \$3.1 million). As the Corporation's outlook and forecast for the 2022 fiscal year has strengthened since its prior budgeting period in fourth quarter of 2021, the Corporation's Preferred Share liability increased significantly during the three months ended March 31, 2022.

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

(4) Three months ended March 31, 2022 adjusted EBITDA includes an increase in professional fees of \$1.5 million compared to the three months ended March 31, 2021 primarily from elevated legal costs and expenses associated with the stay of the class action legal claim, an ongoing arbitration, the settlement of legal claims, and the completion of the Newton Acquisition.

(5) Funded mortgage volumes are presented in millions and are a key performance indicator for the segment that allows us to measure performance against our operating strategy.

(6) The number of franchises and brokers are as at the respective period end date (not in thousands).

The Core Business Operations includes the operating results of the DLC Group's mortgage brokerage franchise operations and data connectivity services, for all periods presented. The quarterly results may vary from quarter to quarter, as the Core Business Operations are subject to seasonal variances that fluctuate in accordance with normal home buying seasons. This typically results in higher revenues in the months of June through September of each year, and results in lower revenues during the months of January through March. Broker count increased in 2022 compared to 2021, largely due to the DLC Group's continued efforts to deliver on its recruiting efforts, contributing to increased funded mortgage volumes in 2022.

Three-month highlights

The DLC Group's revenues increased during the three months ended March 31, 2022 when compared to the same three months in the prior year, largely attributable to an increase in royalty and related ancillary revenues from growth in DLC Group funded mortgage volumes combined with higher Newton revenues from an increase in mortgage volumes. The increase in funded mortgage volumes is driven by the growth across all three brands, achieved through franchise recruitment efforts and overall mortgage funding activity.

The segment's operating expenses for the three months ended March 31, 2022 increased over the same three months in the prior year, primarily attributable to higher general and administrative expenses of \$3.2 million. The increase in general and administrative expenses is from an increase of \$1.5 million over the prior year period in legal costs and expenses associated with obtaining a stay of the class action legal claim, the conclusion of an ongoing arbitration, the settlement of legal claims, and the completion of the Newton Acquisition; combined with an increase in personnel costs from higher performance-based bonuses. Refer to the Commitments section of this document for further discussion on the Corporation's litigation.

Other expense increased over the same three months in the prior year primarily from an increase in finance expense on the Preferred Share liability of \$22.6 million and a decrease in other income. The Preferred Share liability is revalued at the end of each reporting period based on discounted estimated future Dividend Entitlements (as defined herein) to the Preferred Shareholders. Other income decreased as 2021 included software development income in Newton while there was none in the three months ended March 31, 2022.

Income from operations was relatively consistent in the current period, compared to the three months ended March 31, 2021. Adjusted EBITDA decreased during the three months ended March 31, 2022 compared to the same period in the previous year, primarily due to higher operating expenses and decreased other income, partly offset by higher revenues.

Newton Connectivity Systems

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

Non-Core Business Asset Management

(in thousands)	Three months ended March 31,		
	2022	2021	Change
Operating expenses ⁽¹⁾	\$ 1,034	\$ 1,406	(26%)
Loss from operations	(1,034)	(1,406)	26%
Other (expense) income, net	(948)	(2,340)	59%
Loss before tax	(1,982)	(3,746)	47%
Add back:			
Depreciation and amortization	5	4	25%
Finance expense	245	1,195	(79%)
Share-based payments expense	210	895	(77%)
Foreign exchange loss (gain)	6	(61)	NMF
Acquisition, integration and restructuring costs	-	11	NMF
Other adjusting items	-	341	NMF
Adjusted EBITDA ⁽²⁾	\$ (1,516)	\$ (1,361)	(11%)

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

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

The following are included in the above operating expenses:

(in thousands)	Three months ended March 31,		
	2022	2021	Change
General and administrative expenses	\$ 819	\$ 507	62%
Share-based payments expense	210	895	(77%)
Depreciation and amortization	5	4	25%
Operating expenses	\$ 1,034	\$ 1,406	(26%)

Other (expense) income, net includes the following:

(in thousands)	Three months ended March 31,		
	2022	2021	Change
Finance expense	\$ (245)	\$ (1,195)	79%
Foreign exchange (loss) gain	(6)	61	NMF
Loss from equity-accounted investments	(699)	(867)	19%
Other	2	(339)	NMF
Other (expense) income, net	\$ (948)	\$ (2,340)	59%

Three-month highlights

Operating expenses decreased for the three months ended March 31, 2022 compared to the prior year's quarter, primarily due to a decrease in share-based payments expense. The decrease in share-based payment expense is from fewer restricted share units ("RSUs") outstanding at March 31, 2022 due to the settlement of RSUs during the second quarter of 2021, and a consistent share price at March 31, 2022 when compared to December 31, 2021. This is partly offset by an increase in general and administrative expenses, primarily from higher regulatory and filing fees associated with graduating to the TSX and personnel costs.

Other expense for the three months ended March 31, 2022 decreased when compared to the prior year's quarter, primarily from lower finance expense due to lower interest rates under the Junior Credit Facility when compared to the previous Sagard credit facility.

The loss from equity-accounted investments for the Non-Core Business Asset management segment relates to the Corporation's portion of loss from investments in Club16 and Impact. Club16's net loss during the three months ended March 31, 2022 was \$1.1 million (\$0.7 million allocated to the Corporation) compared to a \$1.6 million loss for the three months ended March 31, 2021 (\$0.9 million allocated to the Corporation). Impact's net loss during the three months ended March 31, 2022 was \$81 thousand (\$42 thousand allocated to the Corporation) compared to net income of \$81 thousand (\$42 thousand allocated to the Corporation) for the three months ended March 31, 2021.

SUMMARY OF QUARTERLY RESULTS

Selected unaudited financial data published for our operations during the last eight quarters are as follows.

<i>(in thousands except per share amounts)</i>	Mar. 31, 2022	Dec. 31, 2021	Sept. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	Jun. 30, 2020
Revenues	17,029	21,266	22,346	21,316	13,888	17,477	14,069	11,369
Income from operations	5,328	9,127	12,519	10,741	5,000	5,152	6,472	3,567
Adjusted EBITDA ⁽¹⁾⁽²⁾	6,240	10,538	12,823	13,502	7,019	7,917	8,106	5,144
Net (loss) income ⁽³⁾	(22,490)	(5,463)	1,012	608	(100)	22,643	5,045	(413)
Adjusted net income	1,082	1,771	3,730	4,245	227	2,034	3,572	1,067
Net (loss) income attributable to:								
Common shareholders ⁽³⁾	(22,679)	(5,721)	496	203	(486)	20,851	2,082	(697)
Non-controlling interests	189	258	516	405	386	1,792	2,963	284
Adjusted net income (loss) attributable to: ⁽¹⁾								
Common shareholders	893	1,513	3,214	3,840	(159)	(290)	1,247	(296)
Non-controlling interests	189	258	516	405	386	2,324	2,325	1,363
Net (loss) earnings per Common Share:								
Basic	(0.50)	(0.12)	0.01	0.00	(0.01)	0.55	0.05	(0.02)
Diluted	(0.50)	(0.12)	0.01	0.00	(0.01)	0.54	0.05	(0.02)
Adjusted net earnings (loss) per Common Share: ⁽¹⁾								
Diluted	0.02	0.03	0.07	0.08	(0.00)	(0.01)	0.03	(0.01)

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

(2) Three months ended March 31, 2022 adjusted EBITDA includes an increase in professional fees of \$1.5 million compared to the three months ended March 31, 2021 primarily from elevated legal costs and expenses associated with the stay of the class action legal claim, an ongoing arbitration, the settlement of legal claims, and the completion of the Newton Acquisition.

(3) Net loss for the three months ended March 31, 2022 includes \$25.7 million of non-cash finance expense on the Preferred Share liability. As the Corporation's outlook and forecast for the 2022 fiscal year has strengthened since its prior budgeting period in fourth quarter of 2021, the Corporation's Preferred Share liability increased significantly during the three months ended March 31, 2022.

Quarterly trends and seasonality

Funded mortgage volumes are subject to seasonal variances that move in line with the normal home buying season, which is typically highest from June through September. Revenues have increased over the last eight quarters (compared to the same prior year period), attributable to an increase in the DLC Group's funded mortgage volumes.

Income from operations for the three months ended March 31, 2022 decreased over the three months ended December 31, 2021, primarily due to a decrease in revenues, as revenues are typically lowest in the first quarter and higher general and administrative expenses primarily from an increase in legal costs and expenses.

OUTLOOK

The information in this section is forward-looking and should be read in conjunction with the Cautionary Note Regarding Forward-Looking Information section. See the 2021 Annual MD&A for a detailed description of the key initiatives supporting this outlook.

Core Business Operations

In 2022, we will continue to focus on market penetration and expanding our network of mortgage brokers and franchises through targeted recruiting initiatives. With the completion of the Newton Acquisition, Newton will continue to focus on growing its submission volumes through Velocity, extending Velocity's delivery channels, and increasing its number

of third-party users. Further, the Newton agreement with a third-party connectivity provider, whereby Newton is obligated to fund a minimum annual mortgage volume through the Host's connectivity infrastructure, is set to expire at the end of June 2022. With the expiration of the agreement, the DLC Group expects to submit more transactions directly to lenders using Newton's own infrastructure.

During the three months ended March 31, 2022, Canadian mortgage interest rates increased. Though increased mortgage interest rates could have a negative impact on housing market activity, management is not anticipating a negative impact on its funded mortgage volumes and revenues, with the expectation that demand for housing will continue to exceed supply, and that our continued recruiting activities and anticipated growth in Velocity adoption will mitigate any headwinds.

Additionally, we continue to focus on developing innovative products that enable DLC Group brokers to offer unique products to consumers. Through these initiatives, we expect funded mortgage volumes and royalty and related ancillary revenues to grow from both existing franchises and from securing new franchises, as well as higher connectivity revenue from higher funded mortgage volumes and new long-term contracts.

Core Business Operations' operating results for the three months ended March 31, 2022 demonstrates the continued success of our growth initiatives which are reflected in the material growth in funded mortgage volumes when compared to the first quarter of 2021 of 18%. Further, the number of funded mortgages from applications submitted through Velocity has grown 49% for the three months ended March 31, 2022 when compared to the three months ended March 31, 2021 and 4% since the three months ended December 31, 2021.

Non-Core Business Asset Management Segment

In April 2022 the Corporation announced the implementation of a quarterly dividend payable to holders of Common Shares. The Corporation declared an inaugural cash dividend of \$0.03 per Common Share that will be payable on June 15, 2022 to shareholders of record on June 1, 2022.

In addition, the Corporation expects that it will continue to reduce Non-Core Business Asset Management segment debt through repayments on the Junior Credit Facility from free cash flow.

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

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

(in thousands)	As at	
	March 31, 2022	December 31, 2021
Cash and cash equivalents	\$ 13,404	\$ 20,886
Trade and other receivables	12,285	17,990
Prepaid expenses and deposits	1,434	1,564
Notes receivable	117	343
Accounts payable and accrued liabilities	(24,722)	(46,884)
Current portion of loans and borrowing	(4,662)	(1,233)
Deferred contract liability	(966)	(1,129)
Current portion – lease obligation	(503)	(436)
Current portion – Preferred Share liability	(11,084)	(14,908)
Net working capital deficit	\$ (14,697)	\$ (23,807)

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

Our principal sources of liquidity are cash generated from the Core Business Operations and borrowings under credit facilities. Our primary uses of cash are for operating expenses, franchise recruitment, debt repayment, and debt servicing

costs. At this time, management expects to have sufficient liquidity to meet its short- and long-term objectives of meeting the Corporation's obligations as they come due.

As at March 31, 2022, we had a lower consolidated cash position and a lower net working capital deficit when compared to December 31, 2021. Our sources and uses of cash are described below.

The decrease in working capital deficit from the comparative period is primarily due to decreased accounts payable and accrued liabilities from the settlement of the Common Shares tendered under the substantial issuer bid ("SIB") and reversal of the untendered commitment, as well as a lower current Preferred Share liability; the decrease is partly offset by lower cash, decreased trade and other receivables due to timing of receipt of payments, and an increase in the current portion of debt. Our credit facilities are discussed in greater detail in the Capital Resources section. The Preferred Share liability is discussed further in the Preferred Shares section. While we have a working capital deficit, management anticipates that we will have sufficient liquidity, as the Preferred Share liability represents a discounted estimate of the future Dividend Entitlements and will be paid from future cash flows.

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

At March 31, 2022 we have several financial commitments (see Commitments under the Commitments and Contingencies section of this MD&A for further information), which will require that we have various sources of capital to meet the obligations associated with these commitments. The Corporation expects to have sufficient liquidity, and we expect that we will be able to fund these commitments through its existing financing and cash flows from operations.

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

SOURCES AND USES OF CASH

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

(in thousands)	Three months ended March 31,	
	2022	2021
Cash provided by operating activities	\$ 1,821	\$ 4,613
Cash used in investing activities	(4,099)	(3,053)
Cash used in financing activities	(5,198)	(2,469)
Decrease in cash and cash equivalents	(7,476)	(909)
Impact of foreign exchange on cash and cash equivalents	(6)	(11)
Cash and cash equivalents, beginning of period	20,886	10,316
Cash and cash equivalents, end of period	\$ 13,404	\$ 9,396

Operating activities

The cash provided by operating activities for the three months ended March 31, 2022 was primarily related to cash flows generated by the Core Business Operations of \$2.9 million (compared to \$6.0 million in the prior year), partially offset by Non-Core Business Asset Management requirements of \$1.1 million (compared to \$1.4 million in the prior year), which are primarily related to finance expense and general and administration costs.

Investing activities

The cash used in investing activities for the three months ended March 31, 2022 consisted primarily of investments in intangible assets of \$3.4 million and distributions paid to non-controlling interests of \$0.6 million.

The cash used in investing activities for the three months ended March 31, 2021 consisted primarily of investments in intangible assets of \$2.7 million within Core Business Operations and distributions paid to non-controlling interests of \$0.3 million.

Financing activities

Cash used in financing activities for the three months ended March 31, 2022 consisted primarily of cash paid for the Newton Acquisition of \$16.9 million within Core Business Operations, repayments on the Junior Credit Facility of \$7.1 million, repurchases of Common Shares under the SIB of \$6.7 million, dividends paid to the Preferred Shareholders of \$5.3 million from the Core Business Operations, debt repayments on the Core Business Operations' Senior Credit Facility of \$0.6 million, and lease payments of \$0.1 million. This is partly offset by proceeds from the Core Business Operations' Senior Credit Facility of \$31.5 million.

Cash used in financing activities for the three months ended March 31, 2021 consisted primarily of Interim Dividends paid to the preferred shareholders of \$1.7 million from the Core Business Operations, debt repayments on the Core Business Operations' term debt of \$0.6 million, and lease payments of \$0.1 million.

Distributions to the Non-Core Business Asset Management segment

Non-Core Business Asset Management uses 60% of the defined cash flows retained from the Core Business Operations and cash received from the Non-Core Assets to fund its operating expenses and financing costs. During the three months ended March 31, 2022, Non-Core Business Asset Management retained 60% of the defined cash flows from the Core Business Operations of \$7.9 million (March 31, 2021—\$2.5 million). There were no dividends received from Non-Core assets during the three months ended March 31, 2022 and March 31, 2021.

CAPITAL RESOURCES

Our capital structure is composed of total shareholders' equity, and loans and borrowings, less cash and cash equivalents. The following table summarizes our capital structure at March 31, 2022 and December 31, 2021.

<i>(in thousands)</i>	March 31, 2022	As at December 31, 2021	Change
Loans and borrowings	\$ 60,271	\$ 36,466	65%
Less: cash and cash equivalents	13,404	20,886	(36%)
Net loans and borrowings	\$ 46,867	\$ 15,580	201%
Shareholders' equity	\$ (1,816)	\$ 31,740	NMF

Loans and borrowings

<i>(in thousands)</i>	March 31, 2022	As at December 31, 2021
Core Business Operations		
Revolving facility	\$ -	\$ -
Acquisition facility	29,571	6,165
Non-Revolving Term Loan ("DDTL") facility	7,600	-
Non-Core Business Asset Management		
Junior Credit Facility	23,513	30,648
	60,684	36,813
Debt issuance costs	(413)	(347)
Total loans and borrowings	\$ 60,271	\$ 36,466

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 March 31, 2022, the Corporation's adjusted total debt-to-EBITDA ratio and interest coverage ratio were 1.38:1.00 and 64.76:1.00, respectively. At March 31, 2022, the Corporation was in compliance with all such covenants.

Core Business Operations

The Senior Credit Facilities provided the Corporation with a \$5.0 million revolving working capital credit line (the "Revolving Facility"), a \$34.0 million revolving acquisition credit line (the "Acquisition Facility"), and a \$7.6 million term loan to fund the Corporation's SIB dated December 1, 2021 and a pro rata (40%) dividend to Preferred Shareholders (the "DDTL Facility"). The Senior Credit Facilities have a three-year term and are secured by a first charge over all of the Core Business Operations segments' assets.

On February 28, 2022, the Corporation entered into an amending agreement with TD, whereby the Corporation increased its Acquisition Facility by \$24.0 million, from \$10.0 million to \$34.0 million. An aggregate of \$16.9 million was drawn on the Acquisition Facility to pay the vendors the cash consideration at closing of the Newton Acquisition and an aggregate of \$7.1 million was drawn on the Acquisition Facility to transfer to the Corporation's Non-Core Business Asset Management segment as compensation for the issuance of the share consideration paid under the Newton Acquisition (which amount was paid against the Corporation's Junior Credit Facility). As such, the Newton Acquisition resulted in net additional borrowings of \$16.9 million, with borrowings by the Corporation's Core Business Operations increasing by \$24.0 million and borrowings by the Corporation's Non-Core Business Asset Management segment decreasing by \$7.1 million.

The DDTL Facility is a delayed draw term loan that allowed the Corporation to withdraw predefined amounts. During the three months ended March 31, 2022, the Corporation drew \$7.6 million on its DDTL Facility, of which \$4.6 million was used to fund the SIB completed on January 11, 2022 and \$3.0 million was paid as a pro rata (40%) dividend to the Preferred Shareholders. The Corporation's cash on hand was used to fund the balance of \$2.1 million to complete the purchase of tendered shares under the SIB. The remaining \$12.4 million credit available under the \$20.0 million DDTL facility was cancelled.

Borrowings under the Senior Credit Facilities are comprised of floating-rate advances or Canadian banker's acceptances ("BA"). Floating rate advances bear interest at a rate equal to prime plus 0.00% to 0.50%. BAs bear interest at a rate determined at the time of their acceptance plus a stamping fee of 1.75% to 2.25%. As at March 31, 2022, the outstanding Senior Credit Facilities were solely floating rate advances with annual interest rate at prime.

As at March 31, 2022, \$4.7 million of the balance outstanding on the Acquisition facility is classified as current (December 31, 2021—\$1.2 million).

Non-Core Business Asset Management

The Junior Credit Facility has a three-year term and is secured by a first charge over all of the Non-Core Business segment's assets and a junior security interest over the Core Business segment's assets (subject to certain security-sharing rights of the Preferred Shareholders).

Borrowings under the Junior Credit Facility are comprised of floating rate advances or BAs. Floating rate advances bear interest at a rate equal to prime plus 0.75% to 1.25%. BAs bear interest at a rate determined at the time of their acceptance plus a stamping fee of 2.50% to 3.00%. As at March 31, 2022, the Junior Credit Facility was solely a floating-rate advance and bore annual interest at prime plus 0.75%.

As the Corporation's repayments on the Junior Credit Facility are voluntary, the full amount outstanding as at March 31, 2022 and December 31, 2021 were classified as long-term.

PREFERRED SHARES

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

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

The Dividend Entitlement is a contractual measurement as defined in the Preferred Share terms, representing 95% of the total of the Core Business Operations': adjusted cash flows from operating activities, cash flows used in investing activities, adjusted cash flows from financing activities, taxes attributable, and any other adjustments approved by the Board of the Corporation and the majority Preferred Shareholder. The Preferred Shareholders are entitled to an annual dividend equal to 40% of the defined cash flows and the remaining 60% is retained for use in the Non-Core Business Asset Management segment. The Corporation pays Interim Dividends to the Preferred Shareholders in an amount determined by the Board of the Corporation that represents a good-faith estimate of the monthly instalment of the Dividend Entitlement, which may be more or less than actual Dividend Entitlement based on seasonality of cash flows. During the three months ended March 31, 2022, the Corporation paid Interim Dividends to the Preferred Shareholders of \$4.7 million and a true-up of the Dividend Entitlement payable as at December 31, 2021 of \$0.5 million (March 31, 2021—\$1.7 million and \$nil). During the three months ended March 31, 2022, the Dividend Entitlement attributable to Preferred Shareholders was \$3.7 million (March 31, 2021—\$1.5 million), resulting in a reduction of the Dividend Entitlement to the Preferred Shareholders at March 31, 2022 of \$1.0 million, which is included in the Preferred Share liability.

During the three months ended March 31, 2022, the Board of Directors of the Corporation passed a resolution to reduce the Dividend Entitlement for the year ended December 31, 2021, resulting in an unpaid reversal of \$0.5 million of the Dividend Entitlement payable to the Preferred Shareholders as at December 31, 2021. The reduction in the Dividend Entitlement was allocated to repayments on the Corporation's debt.

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

A summary of activity in the period is as follows:

	Number of Preferred Shares	Amount (in thousands)
Balance at December 31, 2021 ⁽¹⁾	26,774,054	\$ 118,460
Dividends paid	-	(5,257)
Finance expense on the Preferred Share liability	-	25,715
Balance at March 31, 2022 ⁽¹⁾	26,774,054	\$ 138,918

(1) Net of transaction costs.

	Three months ended March 31,	
(in thousands)	2022	2021
Accretion expense on the Preferred Share liability	\$ 4,421	\$ 4,010
Revaluation expense (recovery) on the Preferred Share liability ⁽¹⁾	21,294	(864)
Finance expense on the Preferred Share liability	\$ 25,715	\$ 3,146

(1) As the Corporation's outlook and forecast for the 2022 fiscal year has strengthened since its prior budgeting period in fourth quarter of 2021, the Corporation's Preferred Share liability increased significantly during the three months ended March 31, 2022.

The accretion expense represents the change in the time-value of money at the initial discount rate applied (15.2%). During the three months ended March 31, 2022, the revaluation expense was due to an increase in the Preferred Share liability from changes in the estimated future Dividend Entitlement. The increase in our expected Core Business Operations' future cash flows and future Dividend Entitlement was largely due to our additional ownership in Newton and an increase in our expected future revenue from higher expected funded mortgage volumes, largely based on our performance during the three months ended March 31, 2022, which increased compared to prior year and our prior forecast.

SHARE CAPITAL

As of May 11, 2022, and March 31, 2022, the Corporation had 46,429,298 Common Shares outstanding (December 31, 2021—46,357,841) and 26,774,054 Preferred Shares outstanding (December 31, 2021—26,774,054).

As at May 11, 2022, there were outstanding stock options to purchase 75,000 Common Shares with an exercise price of \$3.00, and 2,078,568 lender warrants with an exercise price of \$1.4375.

Substantial Issuer Bid

The Corporation implemented a substantial issuer bid ("SIB") that commenced on December 1, 2021 and expired 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. On January 11, 2022, 1,781,790 Common Shares were validly tendered to the SIB for an aggregate cost of \$6.7 million, which were cancelled and returned to treasury. To fund the purchase of the tendered Common Shares under the SIB, during the three months ended March 31, 2022, the Corporation drew \$7.6 million on its DDTL Facility. Refer to the Capital Resources section of this document.

Newton Acquisition

On February 28, 2022, the Corporation issued 1,853,247 Common Shares as consideration for the Newton Acquisition. Refer to the Overview of Our Business Section of this document.

Normal-course issuer bid

The Corporation implemented a normal-course issuer bid on January 13, 2021 (the "NCIB"). The NCIB had a twelve-month duration, commencing on January 18, 2021 and ending on January 17, 2022. Purchases of Common Shares under the NCIB were effected through the facilities of the Exchange or alternative Canadian trading systems at the market price at the time of purchase. Under the NCIB, the Corporation was authorized to purchase up to 2,332,697 Common Shares, representing 5% of the Corporation's issued and outstanding Common Shares. The Corporation cancelled any Common Shares purchased pursuant to the NCIB. The actual number of Common Shares that purchased and the timing of any such purchases was determined by the Corporation and were made in accordance with the requirements of the Exchange. Purchases of Common Shares under the normal course issuer bid were completed using available working capital from

time to time. Any shareholder may obtain, for no charge, a copy of the notice in respect of the NCIB filed with the Exchange by contacting the Corporate Secretary of the Corporation at 403-455-2218. During the three months ended March 31, 2022, the Corporation did not make any repurchases under the NCIB and the NCIB expired on January 17, 2022.

COMMITMENTS AND CONTINGENCIES

COMMITMENTS

The following table summarizes the payments due in the next five years and thereafter in respect to our contractual obligations. See notes 7, 16 and 17 of the interim financial statements for more information.

(in thousands)	Less than 1 year		1–3 years	4–5 years	After 5 years	Total
Accounts payable and accrued liabilities	\$	24,722	\$ -	\$ -	\$ -	24,722
Loans and borrowings ⁽¹⁾		4,662	56,022	-	-	60,684
Long-term accrued liabilities		-	2,444	20	-	2,464
Leases ⁽²⁾		932	556	43	208	1,739
Preferred Share liability ⁽³⁾		11,084	25,215	21,468	81,438	139,205
	\$	41,400	\$ 84,237	\$ 21,531	\$ 81,646	\$ 228,814

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

Consulting agreement

The Core Business Operations renewed a consulting agreement effective February 1, 2022, whereby the Corporation has agreed to incur an annual amount of \$150, paid quarterly, for consulting services related to promotional support. The consulting agreement expires in January 2023.

Service agreement

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

Contingencies

In the normal course of operations, the Corporation and its Non-Core Assets may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions. The outcome of outstanding, pending, or future proceedings cannot be predicted with certainty. For claims where outcomes are not determinable, no provision for settlement has been made in the condensed consolidated financial statements. During the three months ended March 31, 2022, the Corporation incurred an increase in professional fees of \$1.5 million compared to the three months ended March 31, 2021 primarily from elevated legal costs and expenses associated with the stay of the class action legal claim, an ongoing arbitration, the settlement of legal claims, and the completion of the Newton Acquisition.

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”). On April 1, 2022, the Supreme Court of British Columbia ordered that the Civil Claim be stayed on the basis that the parties had agreed in the franchise agreement that all disputes would be resolved through arbitration. The Claimant had commenced the Civil Claim in the Supreme Court of British Columbia and was seeking to have the claim certified under the Class Proceedings Act (British Columbia). In the event the Claimant pursues the matter, the Civil Claim will be resolved through a prescribed arbitration process with the Claimant and the Corporation as set out in the franchise agreement.

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 mortgage creditor insurance 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 interim financial statements for the three months ended March 31, 2022 (December 31, 2021—\$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 and the Supreme Court of Canada has denied leave to appeal. 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 and the Corporation expects to make application to have the Claim dismissed.

OFF-BALANCE SHEET ARRANGEMENTS

We did not have any off-balance sheet arrangements as at March 31, 2022 or May 11, 2022 that were not disclosed or discussed previously.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

FINANCIAL INSTRUMENTS

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

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

Our financial instrument classifications as at March 31, 2022 is as follows:

(in thousands)	Carrying value	Fair value	Classification
Financial assets			
Investments	\$ 246	\$ 246	Fair value through profit or loss
Financial liabilities			
Loans and borrowings	(60,271)	(60,271)	Amortized cost

MARKET RISK

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

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are exposed to interest rate risk on our variable rate loans and borrowings. A 1% change in the interest rates on the loans and borrowings would have a \$0.1 million increase of loss before tax for the three months ended March 31, 2022 (March 31, 2021—\$0.1 million decrease to income before tax).

CREDIT RISK

As at March 31, 2022 \$0.3 million (December 31, 2021—\$0.3 million) of our trade receivables are greater than 90 days outstanding and total expected credit losses as at March 31, 2022 is \$0.4 million (December 31, 2021—\$0.4 million). A decline in economic conditions, or other adverse conditions, could lead to reduced revenue and gross margin, and could impact the collectability of accounts receivable. The Corporation mitigates this risk by monitoring economic conditions and managing its customer credit risk.

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

(in thousands)	As at	
	March 31, 2022	December 31, 2021
Cash and cash equivalents	\$ 13,404	\$ 20,886
Trade and other receivables	12,554	18,292
Notes receivable	117	343
	\$ 26,075	\$ 39,521

LIQUIDITY RISK

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

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

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

BUSINESS RISKS AND UNCERTAINTIES

The Corporation is subject to a number of business risks. There were no changes to our principal risks and uncertainties from those reported in our 2021 Annual MD&A and our 2021 Annual Information Form dated March 29, 2022.

RELATED PARTY TRANSACTIONS

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

Core Business Operations

Property leases

Core Business Operations leases office space from a related company controlled by Chris Kayat and Gary Mauris, who are key members of the Corporation's management. During the three months ended March 31, 2022, the total costs incurred under this lease was \$0.1 million (March 31, 2021—\$0.1 million). The lease term matures in 2025.

Core Business Operations' leases a two-bedroom condo in Toronto from a related company controlled by Chris Kayat and Gary Mauris, who are key members of the Corporation's management. During the three months ended March 31, 2022, the total costs incurred under this lease was \$21 thousand (March 31, 2021—\$21 thousand). The lease term matures in 2025.

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

Administrative services

The Core Business Operations has entered into an agreement with a software development company to develop and support a customized mortgage app that is partly owned by key management of the Corporation (Chris Kayat and Gary Mauris). Total fees charged for services under this agreement for the three months ended March 31, 2022 was \$0.2 million (March 31, 2021—\$0.2 million).

Newton Acquisition

On February 28, 2022, the Corporation completed the Newton Acquisition for an aggregate purchase price of \$24.0 million. Geoff Willis (President of Newton) and Kevin Dear (Vice-President of Newton), who are both directors and indirect 25% shareholders of Next4 Holdings Inc. were parties to the Newton Acquisition.

Non-Core Business Asset Management

Other

The Non-Core Business Asset Management has entered into an agreement with a shareholder of Impact (Keith Kostek). The agreement is related to liquidation rights, and if a liquidation event occurs, the Corporation has a possible commitment to pay \$1.0 million to these shareholders. As at March 31, 2022 a liability has been recognized for the current fair value of the liability of \$1.0 million (December 31, 2021—\$1.0 million).

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Further information on our critical accounting estimates can be found in the notes to the audited consolidated financial statements for the year ended December 31, 2021, as filed on SEDAR at www.sedar.com. In preparing these interim financial statements, the significant judgements made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2021.

ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements prepared for the year ended December 31, 2021.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

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

- The 2022 outlook and strategic objectives;
- DLC Group revenues in the future being greater than revenue for the current period;
- Our business plan and growth strategy;
- Adding additional DLC Group franchises through targeted recruiting initiatives;
- Newton growing its submission volumes through Velocity, extending Velocity's delivery channels and increasing its number of third-party users;
- The agreement with the Host expiring in June 2022 and Newton's expectation to cease using the Host's services and fully utilizing Newton's own infrastructure;
- Newton's further development of its customer relationship management system;
- Developing new innovative products to increase program offerings;
- The effect of changes in mortgage interest rates not negatively impacting funded mortgage volumes with the expectation that housing demand will exceed supply, and that recruiting initiatives will mitigate any headwinds.
- The ability of our Non-Core Assets to distribute cash to the Non-Core Business Asset Management segment;
- Our expectation that the Corporation will continue to reduce Non-Core Business Asset Management segment debt through repayments on the Junior Credit Facility from free cash flow;
- Our expectation that the Corporation will continue to maintain its ownership interests in the Non-Core Assets in 2022;
- The Canadian and U.S. economies will begin to recover from the ongoing economic downturn created by COVID-19 within the next twelve months;
- Management's ability to adjust cost structures at the Corporation and its Non-Core Assets to improve liquidity and cash flow to meet its expectation to have sufficient liquidity to meet our obligations as they come due; and
- The Non-Core Assets affected by COVID-19 will recover from the pandemic's impacts and return to historical (pre-COVID-19) operating environments;
- Our expectation to make an application to have the Claim dismissed.

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

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

- Changes in taxes;
- Increased operating, general and administrative, and other costs;
- Changes in interest rates;
- General business, economic and market conditions;
- Changes in public health restrictions and impacts on market conditions;
- The extent and duration of the COVID-19 pandemic or any similar public health issues that could have an impact on economic or market conditions;
- Our ability to obtain services and personnel in a timely manner and at an acceptable cost to carry out our activities;
- The DLC Group's ability to maintain its existing number of franchisees and add additional franchisees;

- Newton's ability to grow its submission volumes and number of third-party users is subject to broker and industry adoption of Newton as a connectivity platform;
- Changes in Canadian mortgage lending and mortgage brokerage laws;
- Material decreases in the aggregate Canadian mortgage lending marketplace;
- Changes in the fees paid for mortgage brokerage services in Canada;
- Changes in the regulatory framework for the Canadian housing and lending sectors;
- Demand for the Corporation's products remaining consistent with historical demand;
- Our ability to realize the expected benefits of our Non-Core Assets;
- The uncertainty of estimates and projections relating to future revenue, taxes, costs, and expenses;
- Changes in, or in the interpretation of, laws, regulations or policies;
- The outcome of existing and potential lawsuits, regulatory actions, audits, and assessments; and
- Other risks and uncertainties described elsewhere in this document and in our other filings with Canadian securities authorities.

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS

In February 2022, the Corporation graduated to the Toronto Stock Exchange from the TSX Venture Exchange. In accordance with the National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", as the three months ended March 31, 2022 is the first financial period after the Corporation became a non-venture issuer, management (including the Executive Chairman & Chief Executive Officer and the Chief Financial Officer) has not certified the design of the internal control over financial reporting and disclosure controls as at March 31, 2022.

NON-IFRS FINANCIAL PERFORMANCE MEASURES

ADJUSTED EBITDA

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

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

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

Management applies adjusted EBITDA in its operational decision making as an indication of the financial performance of its main operating activities.

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

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

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

(in thousands)	Three months ended March 31,	
	2022	2021
(Loss) income before income tax	\$ (21,186)	\$ 680
Add back:		
Depreciation and amortization	1,029	1,046
Finance expense	432	1,247
Finance expense on the Preferred Share liability ⁽¹⁾	25,715	3,146
	5,990	6,119
Adjustments to remove:		
Share-based payments expense	210	895
Foreign exchange loss (gain)	15	(58)
Loss on contract settlement	25	86
Other income ⁽²⁾	-	(63)
Acquisition, integration and restructuring costs ⁽³⁾	-	40
Adjusted EBITDA ⁽⁴⁾⁽⁵⁾	\$ 6,240	\$ 7,019

(1) As the Corporation's outlook and forecast for the 2022 fiscal year has strengthened since its prior budgeting period in fourth quarter of 2021, the Corporation's Preferred Share liability increased significantly during the three months ended March 31, 2022.

(2) Other income in the three months ended March 31, 2021 related to the derecognition of sales tax receivables and payables on initial acquisition of the Core Business Operations in 2016.

(3) Acquisition, integration and restructuring costs for the three months ended March 31, 2021 relate to the restructuring and amalgamation of the Corporation from Founders Advantage Capital Corp. to Dominion Lending Centres Inc.

(4) Three months ended March 31, 2022 adjusted EBITDA includes an increase in professional fees of \$1.5 million compared to the three months ended March 31, 2021 primarily from elevated legal costs and expenses associated with the stay of the class action legal claim, an ongoing arbitration, the settlement of legal claims, and the completion of the Newton Acquisition.

(5) The amortization of franchise rights and relationships within the Core Business Operations of \$0.8 million for the three months ended March 31, 2022 (March 31, 2021 – \$0.6 million) are classified as a charge against revenue, and have not been added back for Adjusted EBITDA.

FREE CASH FLOW

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

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

While free cash flow is not a recognized measure under IFRS, management believes that it is a useful supplemental measure as it provides management and investors with an insightful indication of the funds generated by the main operating activities that are available to the Corporation for use in non-operating activities. Free cash flow is determined

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

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

(in thousands)	Three months ended March 31,	
	2022	2021 ⁽²⁾
Cash flow from operating activities	\$ 1,821	\$ 4,613
Changes in non-cash working capital and other non-cash items	4,132	1,329
Cash provided from operations excluding changes in non-cash working capital and other non-cash items	5,953	5,942
Adjustments:		
Distributions from equity-accounted investees ⁽¹⁾	150	250
Maintenance CAPEX ⁽¹⁾	(3,160)	(465)
NCI portion of cash provided from continuing operations	(191)	(372)
Lease payments ⁽¹⁾	(147)	(140)
Acquisition, integration and restructuring costs ⁽¹⁾	-	40
Loss on settlement of a contract ⁽¹⁾	25	86
Other non-cash items ⁽¹⁾	-	(63)
	2,630	5,278
Free cash flow attributable to Preferred Shareholders	(1,489)	(6,345)
Free cash flow attributable to common shareholders	\$ 1,141	\$ (1,067)

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

(2) The Corporation's calculation of free cash flow was amended during the three months ended September 30, 2021. Free cash flow for the three months ended March 31, 2021 has been updated to conform with the current year calculation, to exclude an adjustment for "investments in equity-accounted investees" and replacing the adjustment of "CDC attributable to Preferred Shareholders" with an adjustment for "free cash flow attributable to the Preferred Shareholders".

ADJUSTED NET INCOME AND ADJUSTED EPS

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

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

Investors should be cautioned, however, that adjusted net income should not be construed as an alternative to net loss determined in accordance with IFRS as an indicator of an issuer's performance or to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. The methodologies we use to determine adjusted net

income may differ from those utilized by other issuers or companies and, accordingly, adjusted net income as used in this MD&A may not be comparable to similar measures used by other issuers or companies.

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

(in thousands)	Three months ended March 31,	
	2022	2021 ⁽¹⁾
Net loss	\$ (22,490)	\$ (100)
Add back:		
Foreign exchange loss (gain)	15	(58)
Finance expense on the Preferred Share liability ⁽²⁾	25,715	3,146
Loss on contract settlement	25	86
Other income	-	(63)
Acquisition, integration and restructuring costs	-	40
Income tax effects of adjusting items	(2)	36
	3,263	3,087
Core Business Operations' adjusted net income attributable to Preferred Shareholders	(2,181)	(2,860)
Adjusted net income	\$ 1,082	\$ 227
Adjusted net income (loss) attributable to common shareholders	893	(159)
Adjusted net income attributable to non-controlling interest	189	386
Diluted adjusted earnings (loss) per Common Share	\$ 0.02	\$ (0.00)

(1) The Corporation's calculation of adjusted net income was amended during the three months ended September 30, 2021. Adjusted net income for the three months ended March 31, 2021 has been updated to conform with the current year calculation, replacing the previous adjustment for "Core Business Operations' net income attributable to Preferred Shareholders" with an adjustment for "Core Business Operations' adjusted net income attributable to Preferred Shareholders".

(2) As the Corporation's outlook and forecast for the 2022 fiscal year has strengthened since its prior budgeting period in fourth quarter of 2021, the Corporation's Preferred Share liability increased significantly during the three months ended March 31, 2022.