Dominion Lending Centres Inc.

Q3 2022

Management Discussion & Analysis

CONTENTS

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 and nine months ended September 30, 2022, as well as information about our financial condition and prospects. We recommend reading this MD&A, which has been prepared as of November 10, 2022, in conjunction with the interim condensed consolidated financial statements and related notes for the three and nine months ended September 30, 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 September 30, 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 interests 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 8,200 agents, over 530 locations and $56.8 billion in mortgage origination during the nine months ended September 30, 2022. 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.

Mortgage experts provide services related to property purchases, mortgage refinances and renewals, credit lines, and other borrowing needs. 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

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.

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.

Since 2017, Newton had been party to an agreement with a third-party connectivity provider (the "Host"), whereby Newton was obligated to fund a minimum annual funded mortgage volume through the Host's connectivity infrastructure. Newton earned revenues as a percentage of the mortgage volumes funded through the Host. The agreement expired at the end of June 2022. With the expiration of the agreement, the DLC Group intends on fully utilizing its own connectivity bridges, which allows the DLC Group to earn the full connectivity fee paid by lenders (as opposed to earning only a portion of such fees as previously paid by the Host).

Non-Core Business Asset Management overview

The Non-Core Business Asset Management segment represents the Corporation's interest in its equity-accounted investment in Cape Communications International Inc. ("Impact"). On August 31, 2022, the Corporation sold its interest in Club16 Limited Partnership ("Club16"), which was previously included in the Non-Core Business Asset Management segment (see discussion below). Collectively, Impact and Club16 are referred to as the "Non-Core Assets". The Non-Core Business Asset Management segment includes the Corporation's share of income in 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. Club16 results are included up to the date of disposal on August 31, 2022. The Corporation acquired the Non-Core Assets when it operated as an investment company called Founders Advantage Capital Corp.

As at September 30, 2022 and December 31, 2021, the Corporation held a 52% interest in Impact. At December 31, 2021, the Corporation also held a 58.4% interest in Club16 (the Corporation sold its interest on August 31, 2022 as noted below).

Sale of Club16

On August 31, 2022, the Corporation completed the sale of its 58.4% interest in Club16 (the "Sale of Club16") to Club16 management (the "Purchaser") for aggregate gross proceeds of $18.0 million (the "Purchase Price"). The Purchase Price was comprised of: (i) a cash payment of $16.5 million; and (ii) a non-interest-bearing promissory note issued by the Purchaser for $1.5 million (the "Promissory Note"). The Promissory Note is to be paid in 24 equal monthly payments of $62.5 thousand, with the first monthly payment commencing on August 31, 2023. The Corporation applied the cash proceeds from the sale against the outstanding balance of the Junior Credit Facility.

The Corporation has recognized a gain on the sale of the equity-accounted investment of $0.5 million within the condensed consolidated statements of income, for the difference between the carrying value of the Corporation's investment in Club16 and the Purchase Price.

Since acquiring the interest in Club16 in 2016, the Corporation had completed a significant reorganization with a focus on the Core Business Operations, and believes the Sale of Club16 further simplifies the Corporation's business and financial reporting.

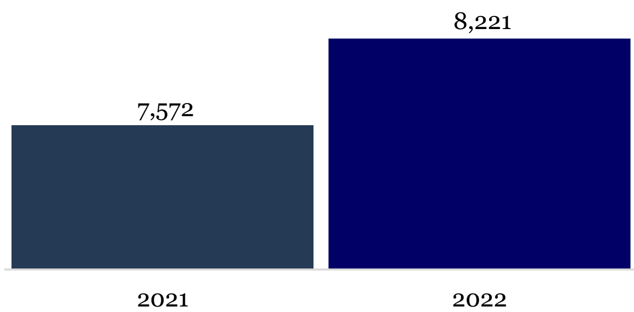
USE OF NON-IFRS FINANCIAL PERFORMANCE MEASURES

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.

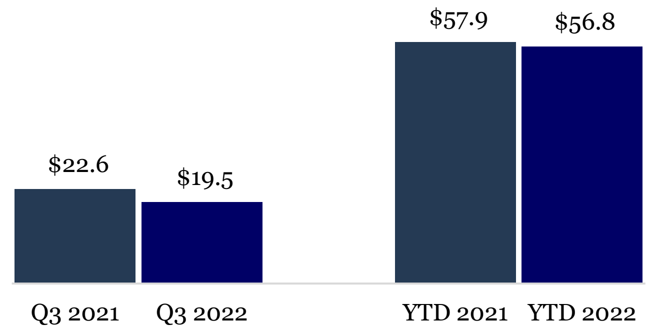
Third Quarter 2022 Highlights

The following are notable performance highlights within Core Business Operations for the three and nine months ended September 30, 2022, along with prior year comparative results for the same periods.

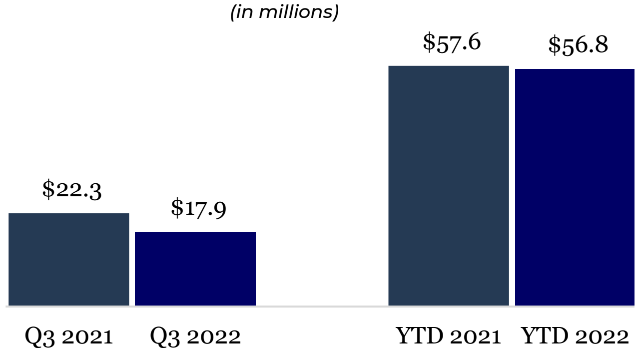
Total DLC Group Brokers



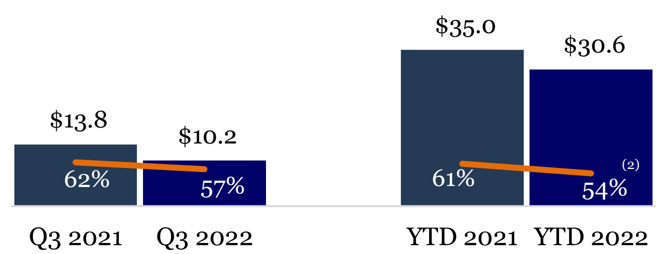
Quarterly Funded Mortgage Volumes
(in billions)



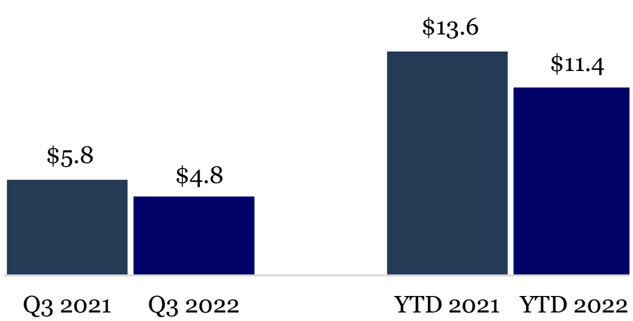
Quarterly Revenues
(in millions)



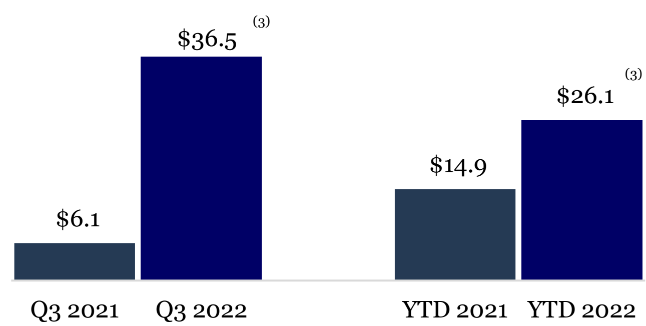
Core Business Operations' Quarterly Adjusted EBITDA (1) & Adjusted EBITDA Margin (1)
(in millions)



Quarterly Free Cash Flow Attributable to Common Shareholders (1)
(in millions)



Core Business Operations' Quarterly Income Before Tax
(in millions)



(1) Please see the Non-IFRS Financial Performance Measures section of this document for additional information.
(2) YTD 2022 adjusted EBITDA includes an increase in professional fees of $1.6 million compared to YTD 2021 primarily from elevated legal costs and expenses in the first quarter of 2022.
(3) Core Business Operations' income before tax for the three and nine months ended September 30, 2022 includes ($27.8) million non-cash finance recovery and $0.5 million non-cash finance expense on the Preferred Share liability, respectively (September 30, 2021 – $6.6 million expense and $16.9 million expense). The quarterly reassessment of the Corporation's outlook and forecast has declined to reflect current housing market headwinds resulting in a decrease in the Corporation's Preferred Share liability during the three months ended September 30, 2022 (see the Preferred Shares section).

THIRD QUARTER 2022 FINANCIAL HIGHLIGHTS

(in thousands, except per share)	Three months ended Sept. 30, **2022**	2021	Change	Nine months ended Sept. 30, **2022**	2021	Change
Revenues	**$ 17,934**	$ 22,346	(20%)	**$ 56,786**	$ 57,550	(1%)
Income from operations	**8,651**	12,519	(31%)	**24,832**	28,260	(12%)
Adjusted EBITDA [(1)]	**9,396**	12,823	(27%)	**29,027**	33,344	(13%)
Free cash flow attributable to common shareholders [(1)]	**4,793**	5,783	(17%)	**11,441**	13,609	(16%)
Net income [(2)]	**29,381**	1,012	NMF [(3)]	**13,600**	1,520	NMF [(3)]
Adjusted net income [(1)]	**2,822**	3,730	(24%)	**9,171**	8,201	12%
Diluted income per Common Share [(2)]	**0.61**	0.01	NMF [(3)]	**0.28**	0.00	NMF [(3)]
Adjusted diluted earnings per Common Share [(1)]	**0.06**	0.07	(14%)	**0.19**	0.14	36%
Dividends declared per share	**$ 0.03**	$ -	NMF [(3)]	**$ 0.06**	$ -	NMF [(3)]

(1) Please see the Non-IFRS Financial Performance Measures section of this document for additional information.
(2) Net income for the three and nine months ended September 30, 2022 includes ($27.8) million non-cash finance recovery and $0.5 million non-cash finance expense on the Preferred Share liability, respectively (September 30, 2021 – $6.6 million expense and $16.9 million expense). The quarterly reassessment of the Corporation's outlook and forecast has declined to reflect current housing market headwinds, resulting in a decrease in the Corporation's Preferred Share liability during the three months ended September 30, 2022 (see the Preferred Shares section).
(3) The percentage change is Not a Meaningful Figure ("NMF").

(in thousands)	Three months ended Sept. 30, **2022**	2021	Change	Nine months ended Sept. 30, **2022**	2021	Change
Adjusted EBITDA [(1)]						
Core Business Operations	**$ 10,221**	$ 13,836	(26%)	**$ 30,611**	$ 35,045	(13%)
Non-Core Business Asset Management	**(825)**	(1,013)	19%	**(1,584)**	(1,701)	7%
Adjusted EBITDA [(1)(2)]	**$ 9,396**	$ 12,823	(27%)	**$ 29,027**	$ 33,344	(13%)

(1) Please see the Non-IFRS Financial Performance Measures section of this document for additional information.
(2) Adjusted EBITDA for the nine months ended September 30, 2022 includes an increase in professional fees of $1.6 million compared to the nine months ended September 30, 2021 primarily from elevated legal costs and expenses incurred in the first quarter of 2022.

Highlights

The Corporation's net income increased during the three months ended September 30, 2022 when compared to the same period in the previous year, primarily due to non-cash finance recovery on the Preferred Share liability of $27.8 million compared to $6.6 million expense during the three months ended September 30, 2021. In addition, interest expense decreased $0.5 million from lower interest rates under the Junior Credit Facility when compared to the previous Sagard credit facility. The increase was partly offset by a decrease in revenues and a non-cash impairment on Impact. The non-cash finance recovery on the Preferred Share liability in the current quarter was due to the Corporation's outlook and forecast softening from its previous outlook and forecast assessed during the second quarter of 2022. The Corporation recognized a non-cash impairment on Impact of $4.8 million to reflect the recoverable value of Impact (refer to Non-Core Business Asset management segment for further details).

For the nine months ended September 30, 2022 the Corporation's net income increased when compared to the same period in the previous year, primarily due to lower non-cash finance expense on the Preferred Share liability, partially offset by the non-cash impairment on Impact and higher general and administrative expenses from increased legal costs and expenses and personnel costs. The Corporation recognized a $0.5 million non-cash finance expense on the Preferred Share liability during the nine months ended September 30, 2022 compared to a $16.9 million non-cash finance expense in the prior year period. The non-cash finance expense during the nine months ended September 30, 2022 reflects changes in our outlook and forecast since it was assessed on December 31, 2021. The Corporation recognized a non-cash impairment on Impact of $4.8 million to reflect the recoverable value of Impact (refer to the Non-Core Business Asset management segment for further details). The increase in expenses was partly offset by lower interest expense from lower interest rates under the Junior Credit Facility when compared to the previous Sagard credit facility, and a recovery on share-based compensation.

Adjusted net income for the three months ended September 30, 2022 decreased due to lower income from operations from decreased revenues, partly offset by lower income tax expense. Adjusted net income for the nine months ended September 30, 2022 increased compared to the same periods in the previous year primarily from a decrease in interest expense and lower adjusted net income allocated to the Preferred Shareholders, partly offset by a decrease in income from operations.

Adjusted EBITDA was lower for the three and nine months ended September 30, 2022 when compared to the same periods in the previous year. The decrease in adjusted EBITDA for the third quarter is primarily from lower revenues from lower funded mortgage volumes, partly offset by lower direct costs and general and administrative expenses from decreased advertising fund expenses and decreased personnel costs. The decrease for the nine months ended September 30, 2022 is primarily due to higher general and administrative expenses and a slight decrease in revenues. The increase in expenses is from elevated legal costs and expenses incurred in the first quarter of 2022, and increased personnel costs.

The decrease in free cash flow attributable to common shareholders during the three and nine months ended September 30, 2022 when compared to the same periods in the prior year was due to the decrease in adjusted EBITDA, partly offset by lower cash interest paid and lower income tax expense.

RESULTS OF OPERATIONS

CONSOLIDATED RESULTS

Below is selected financial information from our three and nine months ended September 30, 2022 consolidated financial results. See the Accounting Policies section of this MD&A and notes to our September 30, 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.

	Three months ended Sept. 30,			Nine months ended Sept. 30,		
(in thousands)	**2022**	2021	Change	**2022**	2021	Change
Revenues	**$ 17,934**	$ 22,346	(20%)	**$ 56,786**	$ 57,550	(1%)
Operating expenses (1)	**9,283**	9,827	(6%)	**31,954**	29,290	9%
Income from operations	**8,651**	12,519	(31%)	**24,832**	28,260	(12%)
Other income (expense), net (2)	**22,829**	(8,319)	NMF	**(5,089)**	(19,743)	74%
Income before tax (2)	**31,480**	4,200	NMF	**19,743**	8,517	132%
Add back:						
Depreciation and amortization	**951**	1,041	(9%)	**3,014**	3,151	(4%)
Finance expense	**678**	1,212	(44%)	**1,710**	3,809	(55%)
Finance (recovery) expense on the Preferred Share liability (2)	**(27,758)**	6,576	NMF	**492**	16,868	(97%)
Gain on sale of an equity-accounted investment	**(525)**	-	NMF	**(525)**	-	NMF
Non-cash impairment of an equity-accounted investment	**4,778**	-	NMF	**4,778**	-	NMF
Other adjusting items (3)	**(208)**	(206)	(1%)	**(185)**	999	NMF
Adjusted EBITDA (3)(4)	**$ 9,396**	$ 12,823	(27%)	**$ 29,027**	$ 33,344	(13%)

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

(2) Net income for the three and nine months ended September 30, 2022 includes ($27.8) million non-cash finance recovery and $0.5 million of non-cash finance expense on the Preferred Share liability, respectively (September 30, 2021 – $6.6 million expense and $16.9 million expense). The quarterly reassessment of the Corporation's outlook and forecast has declined to reflect current housing market headwinds, resulting in a decrease in the Corporation's Preferred Share liability during the three months ended September 30, 2022 (see the Preferred Shares section).

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

(4) Adjusted EBITDA for the nine months ended September 30, 2022 includes an increase in professional fees of $1.6 million compared to the nine months ended September 30, 2021 primarily from elevated legal costs and expenses incurred in the first quarter of 2022.

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)		**September 30, 2022**		December 31, 2021
Cash and cash equivalents	**$**	**17,343**	$	20,886
Working capital (deficiency)	**$**	**(6,212)**	$	(23,807)
Total assets	**$**	**229,614**	$	253,925
Total loans and borrowings (1)	**$**	**37,795**	$	36,466
Total non-current liabilities	**$**	**152,568**	$	155,514
Total Preferred Shares liability (1)	**$**	**110,335**	$	118,460
Shareholders' equity	**$**	**35,072**	$	31,740
Common Shares outstanding		**48,444,801**		46,357,841
Preferred Shares outstanding		**26,774,054**		26,774,054

(1) Net of debt issuance and transaction costs.

SEGMENTED RESULTS

We discuss the results of the two reportable segments as presented in our September 30, 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. Club16 income from equity-accounted investments is included in other income (expense) up to the date of disposal on August 31, 2022.

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

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

	Three months ended Sept. 30,			Nine months ended Sept. 30,		
(in thousands)	**2022**	2021	Change	**2022**	2021	Change
Revenues						
Core Business Operations	**$ 17,934**	$ 22,346	(20%)	**$ 56,786**	$ 57,550	(1%)
Revenues	**17,934**	22,346	(20%)	**56,786**	57,550	(1%)
Operating expenses (1)						
Core Business Operations	**8,952**	9,754	(8%)	**30,107**	27,078	11%
Non-Core Business Asset Management	**331**	73	353%	**1,847**	2,212	(17%)
Operating expenses (1)	**9,283**	9,827	(6%)	**31,954**	29,290	9%
Income (loss) from operations						
Core Business Operations	**8,982**	12,592	(29%)	**26,679**	30,472	(12%)
Non-Core Business Asset Management	**(331)**	(73)	(353%)	**(1,847)**	(2,212)	17%
Income from operations	**8,651**	12,519	(31%)	**24,832**	28,260	(12%)
Adjusted EBITDA (2)						
Core Business Operations	**10,221**	13,836	(26%)	**30,611**	35,045	(13%)
Non-Core Business Asset Management	**(825)**	(1,013)	19%	**(1,584)**	(1,701)	7%
Adjusted EBITDA (2)(3)	**$ 9,396**	$ 12,823	(27%)	**$ 29,027**	$ 33,344	(13%)

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

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

(3) Adjusted EBITDA for the nine months ended September 30, 2022 includes an increase in professional fees of $1.6 million compared to the nine months ended September 30, 2021 primarily from elevated legal costs and expenses incurred in the first quarter of 2022.

Core Business Operations

		Three months ended Sept. 30,				Nine months ended Sept. 30,		
(in thousands)		**2022**	2021	Change		**2022**	2021	Change
Revenues	**$**	**17,934**	$ 22,346	(20%)	**$**	**56,786**	$ 57,550	(1%)
Operating expenses (1)		**8,952**	9,754	(8%)		**30,107**	27,078	11%
Income from operations		**8,982**	12,592	(29%)		**26,679**	30,472	(12%)
Other income (expense), net (2)		**27,500**	(6,526)	NMF		**(623)**	(15,616)	96%
Income before tax (2)		**36,482**	6,066	NMF		**26,056**	14,856	75%
Add back:								
Depreciation and amortization		**946**	1,036	(9%)		**2,998**	3,138	(4%)
Finance expense		**453**	70	NMF		**983**	200	392%
Finance (recovery) expense on the Preferred Share liability (2)		**(27,758)**	6,576	NMF		**492**	16,868	(97%)
Other adjusting items		**98**	88	11%		**82**	(17)	NMF
Adjusted EBITDA (3)(4)		**10,221**	13,836	(26%)		**30,611**	35,045	(13%)
Key Performance Indicators ("KPIs")								
Funded mortgage volumes (5)		**19,453**	22,611	(14%)		**56,804**	57,924	(2%)
Number of franchises (6)		**539**	551	(2%)		**539**	551	(2%)
Number of brokers (6)		**8,221**	7,572	9%		**8,221**	7,572	9%
% of funded mortgage volumes submitted through Velocity		**58%**	47%	23%		**56%**	42%	33%

(1) Operating expenses are comprised of direct costs, general and administrative expenses, and depreciation and amortization expense.
(2) Net income for the three and nine months ended September 30, 2022 includes ($27.8) million non-finance recovery and $0.5 million of non-cash finance expense on the Preferred Share liability, respectively (September 30, 2021 – $6.6 million expense and $16.9 million expense). The quarterly reassessment of the Corporation's outlook and forecast has declined to reflect current housing market headwinds, resulting in a decrease in the Corporation's Preferred Share liability during the three months ended September 30, 2022 (see the Preferred Shares section).
(3) Please see the Non-IFRS Financial Performance Measures section of this document for additional information.
(4) Adjusted EBITDA for the nine months ended September 30, 2022 includes an increase in professional fees of $1.6 million compared to the nine months ended September 30, 2021 primarily from elevated legal costs and expenses in the first quarter of 2022.
(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. The number of brokers increased in 2022 compared to 2021, largely due to the DLC Group's continued recruiting efforts.

Three-month highlights

The DLC Group's revenues decreased during the three months ended September 30, 2022 when compared to the same three months in the prior year, largely attributable to a decrease in funded mortgage volumes from decreased housing sales activity and from a decrease in Newton connectivity revenues, primarily due to the ramp up in submissions under Velocity as it transitioned from its prior agreement with the Host. Further, the DLC Group's funded mortgage volumes in the third quarter of 2021 were a quarterly record in the Corporation's history.

The segment's operating expenses for the three months ended September 30, 2022 decreased over the same three months in the prior year, primarily attributable to lower direct costs of $0.6 million and lower general and administrative expenses of $0.1 million. Direct costs decreased primarily as a result of decreased advertising fund expenses due to timing of the expenditures and decreased franchise recruiting costs. The decrease in general and administrative expenses is primarily from a decrease in personnel costs.

Other income increased over the same three months in the prior year primarily from a recovery in finance expense on the Preferred Share liability of $27.5 million compared to an expense of $6.5 million in the previous year period. 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 (see the Preferred Shares section).

Income from operations and adjusted EBITDA decreased in the current period compared to the three months ended September 30, 2021 as a result of lower revenues, partly offset by lower operating expenses.

Nine-month highlights

The DLC Group's revenues decreased slightly during the nine months ended September 30, 2022 when compared to the same nine months in the prior year, largely attributable to a decrease in funded mortgage volumes in the third quarter from decreased housing sales activity.

The segment's operating expenses for the nine months ended September 30, 2022 increased over the same nine months in the prior year, primarily attributable to higher general and administrative expenses of $3.3 million. The increase in general and administrative expenses is from an increase of $1.6 million over the prior year period in legal costs and expenses incurred in the first quarter of 2022, along with an increase in personnel costs, and higher general advertising expenses. Refer to the Commitments section of this document for further discussion on the Corporation's litigation.

Other expense decreased over the same nine months in the prior year primarily from a decrease in finance expense on the Preferred Share liability of $16.4 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 (see the Preferred Shares section). Other income decreased as the nine months ended September 30, 2021 included Newton software development income compared to none during the nine months ended September 30, 2022.

Income from operations and adjusted EBITDA decreased in the current period, when compared to the nine months ended September 30, 2021, from an increase in operating expenses and a decrease in revenues.

Newton Connectivity Systems

The DLC Group has grown broker adoption of Velocity during the three and nine months ended September 30, 2022. Newton's agreement to submit volume to lenders via a third-party Host expired June 30, 2022. Effective July 1, 2022, Newton has used its own connectivity bridges to submit transactions to lenders and will receive the full payment from lenders. Revenue to Newton has been steadily increasing during the third quarter of 2022, as transactions submitted through Velocity were closing in late August and September (most transactions close 45 to 60 days following submission). As such, Newton revenues are expected to further increase in Q4 2022.

Non-Core Business Asset Management

(in thousands)	Three months ended Sept. 30, 2022	2021	Change	Nine months ended Sept. 30, 2022	2021	Change
Operating expenses (1)	**$ 331**	$ 73	353%	**$ 1,847**	$ 2,212	(17%)
Loss from operations	**(331)**	(73)	(353%)	**(1,847)**	(2,212)	17%
Other (expense) income, net	**(4,671)**	(1,793)	(161%)	**(4,466)**	(4,127)	(8%)
Loss before tax	**(5,002)**	(1,866)	(168%)	**(6,313)**	(6,339)	NMF
Add back:						
Depreciation and amortization	**5**	5	-%	**16**	13	23%
Finance expense	**225**	1,142	(80%)	**727**	3,609	(80%)
Share-based payments (recovery) expense	**(308)**	(542)	43%	**(319)**	581	NMF
Foreign exchange loss (gain)	**-**	170	NMF	**5**	(45)	NMF
Acquisition, integration and restructuring costs	**2**	78	(97%)	**47**	139	(66%)
Gain on sale of an equity-accounted investment	**(525)**	-	NMF	**(525)**	-	NMF
Non-cash impairment of an equity-accounted investment	**4,778**	-	NMF	**4,778**	-	NMF
Other adjusting items	**-**	-	-%	**-**	341	NMF
Adjusted EBITDA (2)	**$ (825)**	$ (1,013)	19%	**$ (1,584)**	$ (1,701)	7%

(1) Operating expenses are comprised of general and administrative expenses, share-based payments (recovery) expense, 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 Sept. 30, 2022	2021	Change	Nine months ended Sept. 30, 2022	2021	Change
General and administrative expenses	**$ 634**	$ 610	4%	**$ 2,150**	$ 1,618	33%
Share-based payments (recovery) expense	**(308)**	(542)	43%	**(319)**	581	NMF
Depreciation and amortization	**5**	5	-%	**16**	13	23%
Operating expenses	**$ 331**	$ 73	353%	**$ 1,847**	$ 2,212	(17%)

Other (expense) income, net includes the following:

(in thousands)	Three months ended Sept. 30, 2022	2021	Change	Nine months ended Sept. 30, 2022	2021	Change
Finance expense	**$ (225)**	$ (1,142)	80%	**$ (727)**	$ (3,609)	80%
Foreign exchange (loss) gain	**-**	(170)	NMF	**(5)**	45	NMF
(Loss) income from equity-accounted investments	**(207)**	(485)	57%	**501**	(232)	NMF
Gain on sale of an equity-accounted investment	**525**	-	NMF	**525**	-	NMF
Non-cash impairment of an equity-accounted investment	**(4,778)**	-	NMF	**(4,778)**	-	NMF
Other	**14**	4	250%	**18**	(331)	NMF
Other (expense) income, net	**$ (4,671)**	$ (1,793)	(161%)	**$ (4,466)**	$ (4,127)	(8%)

Three-month highlights

Operating expenses increased for the three months ended September 30, 2022 compared to the prior year's quarter, primarily due to a lower recovery in share-based payments. The recovery in share-based payments is from a decrease in share price at September 30, 2022 from June 30, 2022.

Other expense for the three months ended September 30, 2022 increased when compared to the prior year's quarter, primarily from a non-cash impairment on Impact, partly offset by a lower loss pickup from equity-accounted investments, a gain on the Sale of Club16, and lower finance expense due to repayments on debt and from lower interest rates under the Junior Credit Facility when compared to the previous Sagard credit facility. The Corporation made repayments on the Junior Credit Facility of $16.5 million during the third quarter of 2022 from cash proceeds received from the Sale of Club16.

The Corporation recognized a non-cash impairment of $4.8 million representing the difference between the carrying value of Impact and its estimated recoverable amount. The Corporation identified Impact's financial performance as an indicator of impairment as of September 30, 2022 and determined the fair value less cost of disposal of its investment through a capitalized earnings before interest, tax and depreciation ("EBITDA") approach. The capitalized EBITDA approach takes into account the historical EBITDA of Impact and an estimated multiple of EBITDA (the "Multiple") (level 3 within the fair value hierarchy). The Multiple is and estimate based on comparable companies and recent comparable transactions for companies in a similar industry.

The Corporation completed the Sale of Club16 on August 31, 2022, resulting in a gain on sale of $0.5 million for the difference between the carrying value of the Corporation's investment and the Purchase Price. The Corporation's share of loss from Club16 includes results up to the date of sale.

Income from equity-accounted investments for the Non-Core Business Asset management segment relates to the Corporation's portion of income from investments in Club16 and Impact. Club16's net loss during the two months ended August 31, 2022 was $0.5 million ($0.3 million allocated to the Corporation) compared to a net loss of $1.1 million for the three months ended September 30, 2021 ($0.7 million allocated to the Corporation). Impact's net income during the three months ended September 30, 2022 was $0.2 million ($0.1 million allocated to the Corporation) compared to net income of $0.3 million ($0.2 million allocated to the Corporation) for the three months ended September 30, 2021.

Nine-month highlights

Operating expenses decreased for the nine months ended September 30, 2022 compared to the prior year, primarily due to a recovery in share-based payments. The recovery of share-based payments during the nine months ended September 30, 2022, compared to the prior year period, is from a decrease in share price at September 30, 2022 when compared to December 31, 2021 and fewer restricted share units ("RSUs") and phantom share options ("PSOs") outstanding at September 30, 2022 due to the settlement of RSUs and in-the-money PSOs during the second and third quarters of 2022. 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 from increased personnel costs.

Other expense for the nine months ended September 30, 2022 increased when compared to the prior year period, primarily from non-cash impairment recognized on Impact, partly offset by lower finance expense due to repayments on debt and from lower interest rates under the Junior Credit Facility when compared to the previous Sagard credit facility. The Corporation made repayments on the Junior Credit Facility of $26.1 million during the nine months ended September 30, 2022, utilizing $16.5 million cash proceeds received from the Sale of Club16. In addition, other expense is lower from income from equity-accounted investments and a gain on the Sale of Club16.

The Corporation completed the Sale of Club16 on August 31, 2022, resulting in a gain on sale of $0.5 million for the difference between the carrying value of the Corporation's investment and the Purchase Price. The Corporation's share of loss from Club16 includes results up to the date of sale.

The Corporation recognized a non-cash impairment of $4.8 million representing the difference between the carrying value of Impact and its estimated recoverable amount. The Corporation identified Impact's financial performance as an indicator of impairment as of September 30, 2022 and determined the fair value less cost of disposal of its investment through a capitalized earnings before interest, tax and depreciation ("EBITDA") approach. The capitalized EBITDA approach takes into account the historical EBITDA of Impact and an estimated multiple of EBITDA (the "Multiple") (level 3 within the fair value hierarchy). The Multiple is and estimate based on comparable companies and recent comparable transactions for companies in a similar industry.

Income from equity-accounted investments for the Non-Core Business Asset management segment relates to the Corporation's portion of income from investments in Club16 and Impact. Club16's net income during the eight months ended August 31, 2022 was $0.7 million ($0.4 million allocated to the Corporation) compared to a net loss of $0.9 million for the nine months ended September 30, 2021 ($0.5 million allocated to the Corporation). Impact's net income during the nine months ended September 30, 2022 was $0.2 million ($0.1 million allocated to the Corporation) compared to net income of $0.5 million ($0.3 million allocated to the Corporation) for the nine months ended September 30, 2021.

SUMMARY OF QUARTERLY RESULTS

Selected unaudited financial data for the last eight quarters are as follows.

(in thousands except per share amounts)	**Sept. 30, 2022**	**Jun. 30, 2022**	**Mar. 31, 2022**	**Dec. 31, 2021**	**Sept. 30, 2021**	**Jun. 30, 2021**	**Mar. 31, 2021**	**Dec. 31, 2020**
Revenues	**17,934**	21,823	17,029	21,266	22,346	21,316	13,888	17,477
Income from operations	**8,651**	10,853	5,328	9,127	12,519	10,741	5,000	5,152
Adjusted EBITDA (1)(2)	**9,396**	13,391	6,240	10,538	12,823	13,502	7,019	7,917
Net income (loss)	**29,381**	6,709	(22,490)	(5,463)	1,012	608	(100)	22,643
Adjusted net income	**2,822**	5,268	1,082	1,771	3,730	4,244	227	2,034
Net income (loss) attributable to:								
Common shareholders	**29,367**	6,700	(22,679)	(5,721)	496	203	(486)	20,851
Non-controlling interests	**14**	9	189	258	516	405	386	1,792
Adjusted net income (loss) attributable to: (1)								
Common shareholders	**2,808**	5,259	893	1,513	3,214	3,839	(159)	(290)
Non-controlling interests	**14**	9	189	258	516	405	386	2,324
Net earnings (loss) per Common Share:								
Basic	**0.61**	0.14	(0.50)	(0.12)	0.01	0.00	(0.01)	0.55
Diluted	**0.61**	0.14	(0.50)	(0.12)	0.01	0.00	(0.01)	0.54
Adjusted net earnings (loss) per Common Share: (1)								
Diluted	**0.06**	0.11	0.02	0.03	0.07	0.08	(0.00)	(0.01)

(1) Please see the Non-IFRS Financial Performance Measures section of this document for additional information.
(2) Adjusted EBITDA for the three months ended June 30, 2022 and March 31, 2022 includes an increase in professional fees of $0.1 million and $1.5 million compared to the three months ended June 30, 2021 and March 31, 2021, respectively, primarily from elevated legal costs and expenses incurred in the first quarter of 2022. Adjusted EBITDA for the three months ended September 30, 2022 included a relatively consistent expense for professional fees as the three months ended September 30, 2021.

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. From June 30, 2022, revenues have increased over the last seven quarters (compared to the same prior year period), attributable to an increase in the DLC Group's funded mortgage volumes. A decrease in revenues during the quarter ended September 30, 2022, compared to the prior year period, is primarily due to a decrease in the DLC's Group's funded mortgage volumes as a result of decreasing home sales.

Income from operations for the three months ended September 30, 2022 decreased over the three months ended June 30, 2022, primarily due to lower revenues from lower funded mortgage volumes partly offset by lower general and administrative expenses primarily from lower advertising expenses and personnel costs.

Net income for the three months ended September 30, 2022 increased from the three months ended June 30, 2022, primarily from the recognition of $27.8 million of non-cash finance recovery on the Preferred Share liability during the third quarter of 2022, compared to non-cash finance expense of $2.5 million during the second quarter of 2022. The finance recovery on the Preferred Share liability during the three months ended September 30, 2022 was a result of a softening in our outlook and forecast since the second quarter of 2022.

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

We 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 in Q1 2022, Newton continues 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 was obligated to fund a minimum annual mortgage volume through the Host's connectivity infrastructure, expired at the end of June 2022, terminating the Corporation's financial arrangements with the Host. With the expiration of the agreement, the DLC Group expects to continue to increase its submissions directly to lenders using Newton's own infrastructure.

During the nine months ended September 30, 2022, Canadian mortgage interest rates increased. Increased mortgage interest rates have contributed to a softening of the housing market and are expected to have further continued negative impacts on housing market activity. However, as interest rates continue to rise, we expect continued downward pressure on home values and sale transactions, resulting in decreased funded volumes in Q4 2022 and fiscal 2023. Longer-term, management is anticipating that mortgage renewals will continue to be strong and that overall housing demand will continue to exceed supply, and we are expecting to increase our broker recruiting activities. These efforts combined with anticipated growth in Velocity adoption are expected to partially mitigate continued housing market headwinds.

Though funded mortgage volumes have decreased 2% during the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, fiscal 2021 was a record for the Corporation's volumes. Even with the softening of the housing market, Core Business Operations' operating results for the nine months ended September 30, 2022 demonstrates the continued success of our growth initiatives, which are reflected in the increase in funded mortgage volumes of 67% for the nine months ended September 30, 2022 when compared to the nine months ended September 30, 2020. This is further demonstrated through the increase in the number of funded mortgages from applications submitted through Velocity of 33% for the nine months ended September 30, 2022 when compared to the nine months ended September 30, 2021 and 4% since the three months ended June 30, 2022.

Non-Core Business Asset Management Segment

In April 2022, the Corporation announced the implementation of a quarterly dividend payable to holders of its Common Shares. During the three and nine months ended September 30, 2022, the Corporation declared and paid cash dividends of $0.03 and $0.06 per Common Share to shareholders of record, respectively.

In addition to maintaining a quarterly dividend, 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. The Corporation utilized the $16.5 million proceeds received from the Sale of Club16, $2.5 million proceeds received from the exercise of the warrants, and $7.1 million from the Newton Acquisition to repay the Junior Credit Facility during the three months ended September 30, 2022, resulting in a total repayment of $26.1 million during the nine months ended September 30, 2022.

The Corporation expects to maintain its ownership interest in Impact through 2023.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

(in thousands)		As at September 30, 2022		December 31, 2021
Cash and cash equivalents	**$**	**17,343**	$	20,886
Trade and other receivables		**15,157**		17,990
Prepaid expenses and deposits		**2,931**		1,564
Notes receivable		**113**		343
Accounts payable and accrued liabilities		**(26,960)**		(46,884)
Current portion of loans and borrowing		**(4,662)**		(1,233)
Deferred contract liability		**(633)**		(1,129)
Current portion – lease obligation		**(521)**		(436)
Current portion – Preferred Share liability		**(8,980)**		(14,908)
Net working capital deficit	**$**	**(6,212)**	$	(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.

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 September 30, 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. Excluding the current portion of Preferred Share liability, net working capital is positive.

Working capital may fluctuate from time to time based on seasonality or timing and 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 September 30, 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.

SOURCES AND USES OF CASH

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

	Nine months ended Sept. 30,	
(in thousands)	**2022**	2021
Cash provided by operating activities	**$ 17,173**	$ 29,593
Cash provided by / (used in) investing activities	**10,837**	(5,156)
Cash used in financing activities	**(31,548)**	(15,051)
(Decrease) / increase in cash and cash equivalents	**(3,538)**	9,386
Impact of foreign exchange on cash and cash equivalents	**(5)**	53
Cash and cash equivalents, beginning of period	**20,886**	10,316
Cash and cash equivalents, end of period	**$ 17,343**	$ 19,755

Operating activities

The cash provided by operating activities for the nine months ended September 30, 2022 was primarily related to cash flows generated by the Core Business Operations of $20.9 million (compared to $34.7 million in the prior year), partially offset by Non-Core Business Asset Management requirements of $3.8 million (compared to $5.1 million in the prior year), which are primarily related to finance expense and general and administration costs. Changes in working capital resulted in a decrease of $12.5 million from the prior year period, due to investments in working capital of $7.2 million during the nine months ended September 30, 2022, compared to cash provided by working capital of $5.3 million in the prior year period. The decrease in cash provided by operations within the Core Business Operations was due to lower revenues primarily from decreased funded mortgage volumes, higher operating expenses and working capital fluctuations.

Investing activities

The cash provided by investing activities for the nine months ended September 30, 2022 consisted primarily of proceeds of $16.5 million received from the Sale of Club and net distributions from and investment in equity-accounted investments of $0.4 million, partly offset by investments in intangible assets of $5.4 million and distributions paid to non-controlling interests of $0.6 million.

The net cash used in investing activities for the nine months ended September 30, 2021 consisted of investments in intangible assets of $5.0 million primarily for franchise recruiting and renewals within Core Business Operations and distributions paid to non-controlling interests of $0.9 million, partly offset by distributions net of contributions from equity-accounted investments of $0.7 million.

Financing activities

Cash used in financing activities for the nine months ended September 30, 2022 consisted primarily of repayments on the Junior Credit Facility of $26.1 million primarily from cash proceeds received from the sale of Club16 (refer to the Capital Resources section), cash paid for the Newton Acquisition of $16.9 million within Core Business Operations, Interim Dividends paid to the Preferred Shareholders of $8.6 million from the Core Business Operations, repurchases of Common Shares under the SIB of $6.7 million, debt repayments on the Core Business Operations' Senior Credit Facility of $4.1 million, dividends paid to Common Shareholders of $2.9 million, lease payments of $0.5 million, and repurchases of Common Shares under the Normal Course Issuer Bid ("NCIB") of $0.4 million. This is partly offset by net proceeds from the Core Business Operations' Senior Credit Facility of $31.5 million and proceeds received from share options and warrants exercised of $3.2 million. See the Capital Resources section for more details.

Cash used in financing activities for the nine months ended September 30, 2021 consisted primarily of Interim Dividends paid to the Preferred Shareholders of $10.3 million from the Core Business Operations, debt repayments on the Core Business Operations' term debt of $2.2 million, debt repayments on the Sagard credit facility of $7.5 million, repurchased Common Shares under the NCIB of $0.4 million and lease payments of $0.4 million, partly offset by proceeds from the Core Business Operations' multiple draw term loan facility of $5.8 million.

Cash retained by the Non-Core Business Asset Management segment

Non-Core Business Asset Management is entitled to 60% of the defined cash flows from the Core Business Operations and cash received from the Non-Core Assets to fund its operating expenses and financing costs. During the nine months ended September 30, 2022, Non-Core Business Asset Management retained 60% of the defined cash flows from the Core Business Operations of $12.9 million (September 30, 2021—$15.4 million). There were $0.3 million of dividends received from Club16 and none from Impact during the nine months ended September 30, 2022 (September 30, 2021—$nil from Club16 and $0.5 million from Impact).

CAPITAL RESOURCES

Our capital structure is comprised of total shareholders' equity and loans and borrowings, less cash and cash equivalents. The following table summarizes our capital structure at September 30, 2022 and December 31, 2021.

	As at		
(in thousands)	**Sept. 30, 2022**	Dec. 31, 2021	Change
Loans and borrowings	**$ 37,795**	$ 36,466	4%
Less: cash and cash equivalents	**17,343**	20,886	(17%)
Net loans and borrowings	**$ 20,452**	$ 15,580	31%
Shareholders' equity	**$ 35,072**	$ 31,740	10%

Loans and borrowings

	As at	
(in thousands)	**Sept. 30, 2022**	Dec. 31, 2021
Core Business Operations		
Revolving facility	**$ -**	$ -
Acquisition facility	**27,241**	6,165
Non-Revolving Term Loan ("DDTL") facility	**6,400**	-
Non-Core Business Asset Management		
Junior Credit Facility	**4,513**	30,648
	38,154	36,813
Debt issuance costs	**(359)**	(347)
Total loans and borrowings	**$ 37,795**	$ 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 September 30, 2022, the Corporation's adjusted total debt-to-EBITDA ratio and interest coverage ratio were 0.65:1.00 and 20.77:1.00, respectively. At September 30, 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 segment's 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 nine months ended September 30, 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 ("BAs"). 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 September 30, 2022, the outstanding Senior Credit Facilities were BAs with a blended annual interest rate at 3.57% plus a stamping fee of 1.75%.

As at September 30, 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 September 30, 2022, the Junior Credit Facility was solely a floating-rate advance and bore an annual interest at prime plus 0.75%.

During the nine months ended September 30, 2022 the Corporation made repayments on its Junior Credit Facility of $26.1 million, utilizing the $16.5 million cash proceeds received from the Sale of Club16, $2.5 million proceeds received from the exercise of the warrants, and $7.1 million from the Newton Acquisition discussed above.

As the Corporation's repayments on the Junior Credit Facility are voluntary, the full amount outstanding as at September 30, 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 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 income within finance recovery (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 and nine months ended September 30, 2022, the Corporation paid Interim Dividends to the Preferred Shareholders of $1.7 million and $8.1 million, respectively (September 30, 2021—$3.3 million and $10.3 million). During the nine months ended September 30, 2022 the Corporation paid a true-up of the Dividend Entitlement payable as at December 31, 2021 of $0.5 million to the Preferred Shareholders (September 30, 2021—$nil). During the three and nine months ended September 30, 2022, the Dividend Entitlement attributable to Preferred Shareholders was $3.0 million and $10.1 million, respectively (September 30, 2021—$3.8 million and $11.1 million), resulting in an increase of the Dividend Entitlement to the Preferred Shareholders at September 30, 2022 of $2.0 million, which is included in the Preferred Share liability.

During the nine months ended September 30, 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 non-revolving term loan within the Core Business Operations.

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	-		**(8,617)**
Finance expense on the Preferred Share liability	-		**492**
Balance at September 30, 2022 (1)	**26,774,054**	**$**	**110,335**

(1) Net of transaction costs.

(in thousands)	**Three months ended Sept. 30,**				**Nine months ended Sept. 30,**			
		2022		2021		**2022**		2021
Accretion expense on the Preferred Share liability	**$**	**5,427**	$	4,145	**$**	**15,182**	$	12,301
Revaluation (recovery) expense on the Preferred Share liability (1)		**(33,185)**		2,431		**(14,690)**		4,567
Finance (recovery) expense on the Preferred Share liability	**$**	**(27,758)**	$	6,576	**$**	**492**	$	16,868

(1) Though the Corporation's overall outlook and forecast has softened since its prior budgeting period in the fourth quarter of 2021, resulting in a revaluation recovery, the Corporation also recognizes accretion expense which results in a net expense on the Preferred Share liability during the nine months ended September 30, 2022.

The accretion expense represents the change in the time-value of money at the initial discount rate applied (15.2%).

During the three and nine months ended September 30, 2022, the revaluation recovery was due to a decrease in the Preferred Share liability from changes in the estimated future Dividend Entitlement, since the second quarter of 2022 and the budgeting period in the fourth quarter of 2021, respectively. The decrease in our expected Core Business Operations' future cash flows and future Dividend Entitlement was largely due to anticipated softening of mortgage volumes in future periods as a result of increases in mortgage rates causing decreasing the number and value of home sales.

SHARE CAPITAL

As of November 8, 2022, and September 30, 2022, the Corporation had 48,355,431 and 48,444,801 Common Shares outstanding, respectively (December 31, 2021—46,357,841) and 26,774,054 Preferred Shares outstanding (December 31, 2021—26,774,054).

As at November 10, 2022, there were no outstanding stock options or warrants.

Substantial Issuer Bid ("SIB")

The Corporation implemented a 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 nine months ended September 30, 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 partial consideration for the Newton Acquisition. Refer to the Overview of Our Business Section of this document.

Normal-Course Issuer Bid ("NCIB")

The Corporation implemented an NCIB on May 24, 2022. The NCIB has a twelve-month duration, which commenced on May 27, 2022 and ends the earlier of: May 26, 2023, or the date on which the maximum number of Common Shares that can be acquired pursuant to the NCIB are purchased. Under the NCIB, the Corporation may purchase up to 1,200,000 Common Shares, representing 2.5% of the issued and outstanding Common Shares at implementation. Pursuant to the rules of the TSX, the maximum number of Common Shares that the Corporation may purchase under the NCIB in any one day is 5,185 Common Shares, which is 25% of the average daily trading volume of the Common Shares on the TSX for the period commencing on February 3, 2022 and ending on April 30, 2022 (the total average daily trading volume being 20,743 Common Shares). The Corporation may also make one block purchase per calendar week which exceeds such daily purchase restriction, subject to the rules of the TSX. Any Common Shares purchased pursuant to the NCIB will be cancelled by the Corporation. During the three and nine months ended September 30, 2022, the Corporation made repurchases under the NCIB of 106,140 Common Shares at an average price of $3.04 per Common Share and 138,065 Common Shares at an average price of $3.11 per Common Share, respectively. The repurchased shares were cancelled and returned to treasury. The actual number of Common Shares 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 NCIB 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.

Automatic Share Purchase Plan ("ASPP")

The Corporation has entered into ASPP agreements with its designated broker (the "Broker") in order to facilitate the purchases of its Common Shares under its NCIB. Under the ASPP agreements, the Corporation has directed its Broker to make purchases of its Common Shares under the NCIB during a regulatory restricted or self-imposed blackout period. The following ASPP agreements have been entered into:

- On July 5, 2022 the ASPP was effective July 15, 2022 to August 16, 2022, and directed the Broker to repurchase up to an aggregate of 119,255 Common Shares, up to a maximum aggregate purchase price of $0.4 million.

- On October 4, 2022 the ASPP is effective October 4, 2022, to November 14, 2022, and directs the Broker to repurchase up to an aggregate of 200,000 Common Shares, up to a maximum aggregate purchase price of $0.6 million.

Warrants exercised

The Corporation issued 2,078,568 Common Shares at a fair market value of $3.25 per Common Share, for warrants exercised on May 16, 2022. As at September 30, 2022, there were no warrants outstanding.

Share options exercised

On May 20, 2022, the Corporation issued 75,000 Common Shares at a fair market value of $3.30 per Common Share, for share options exercised. As at September 30, 2022, there were no share options outstanding.

Dividends

In April 2022, the Corporation implemented a quarterly dividend on its Common Shares. During the nine months ended September 30, 2022, the Corporation declared dividends of $0.06 per Common Share, resulting in a dividend payment of $2.9 million during the nine months ended September 30, 2022 (September 30, 2021—$nil).

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, 8, 9 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	$ 26,960	$ -	$ -	$ -	$ **26,960**
Loans and borrowings (1)	4,662	33,492	-	-	**38,154**
Long-term accrued liabilities	-	856	20	-	**876**
Leases (2)	578	556	149	102	**1,385**
Preferred Share liability (3)	8,980	17,005	16,604	68,033	**110,622**
	$ 41,180	$ 51,909	$ 16,773	$ 68,135	$ **177,997**

(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 nine months ended September 30, 2022, the Corporation incurred an increase in professional fees of $1.6 million compared to the nine months ended September 30, 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 was served with a Notice of Civil Claim (the "Franchisee 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 Franchisee 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 Franchisee Claim in the Supreme Court of British Columbia and was seeking to have the claim certified under the Class Proceedings Act (British Columbia), though the claimant was unsuccessful in obtaining this certification. In the event the Claimant pursues the matter, the Franchisee Claim will be resolved through a prescribed arbitration process with the Claimant and the Corporation as set out in the franchise agreement. As at the date hereof, the Claimant has not taken any steps to further pursue the matter through prescribed arbitration.

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 were seeking certification of the Claim under the Class Proceedings Act (Ontario). 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. 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. The Corporation and Manulife made an application to the Court to have the Claim stayed and the Court dismissed the Claim on August 4, 2022, and as a result, no provision has been recorded in the Corporation's interim financial statements for the three and nine months ended September 30, 2022 (December 31, 2021—$nil).

OFF-BALANCE SHEET ARRANGEMENTS

We did not have any off-balance sheet arrangements as at September 30, 2022 or November 10, 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 September 30, 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		(37,795)		(37,795)	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 $0.4 million decrease of income before tax for the nine months ended September 30, 2022 (September 30, 2021—$0.3 million decrease to income before tax).

CREDIT RISK

As at September 30, 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 September 30, 2022 are $0.3 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 also has a source of credit risk related to the note receivable from the Sale of Club16. The Corporation has managed its credit risk through mandatory monthly payments. A decline in economic conditions, or other adverse conditions experienced by Club16, could impact the collectability of the Corporation's note receivable.

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.

	As at			
(in thousands)		**September 30, 2022**		December 31, 2021
Cash and cash equivalents	$	17,343	$	20,886
Trade and other receivables		16,580		18,292
Notes receivable		113		343
	$	34,036	$	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 flows 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 and nine months ended September 30, 2022, the total costs incurred under this lease was $0.1 million and $0.3 million (September 30, 2021—$0.1 million and $0.3 million). The lease term matures in 2025.

Core Business Operations' leases a two-bedroom condo in Toronto from a related company controlled by Chris Kayat and Gary Mauris, who are key members of the Corporation's management. During the three and nine months ended September 30, 2022, the total costs incurred under this lease was $21 thousand and $63 thousand (September 30, 2021—$21 thousand and $63 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 and nine months ended September 30, 2022 was $0.3 million and $0.8 million (September 30, 2021—$0.2 million and $0.7 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

Sale of Club16

On August 31, 2022, the Corporation completed the Sale of Club16 to Club16 management for an aggregate purchase price of $18.0 million. As part of the Purchase Price, the Corporation received a Promissory Note that has been initially recognized as at September 30, 2022 as an asset at its estimated fair value of $1.2 million.

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 September 30, 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;
- 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;
- Our expectation that Newton revenues will further increase in Q4 2022;
- Newton's further development of its customer relationship management system;
- Developing new innovative products to increase program offerings;
- The expectation that increases in mortgage interest rates will continue to negatively impact funded mortgage volumes;
- Our expectation that there will be continued downward pressure on home values and sale transactions, resulting in decreased funded mortgage volumes in Q4 2022 and fiscal 2023;
- Our expectation that housing demand will continue to exceed supply;
- The expectation that recruiting initiatives and anticipated growth in Velocity will partially mitigate headwinds from changes in mortgage interest rates impacting funded mortgage volumes;
- 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 pay a quarterly dividend to Common Shareholders;
- Our expectation that we will hold our interest in Impact through 2023; and
- Management's ability to adjust cost structures at the Corporation and Impact to improve liquidity and cash flow to meet its expectation to have sufficient liquidity to meet our obligations as they come due.

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 AND PROCEDURE CONTROLS

The Corporation takes all necessary steps to ensure that material information regarding the Corporation's reports filed or submitted under securities legislation fairly presents the financial information of the Corporation. Management, including the Executive Chairman & Chief Executive Officer ("EC & CEO") and the Chief Financial Officer ("CFO") are responsible for establishing, maintain and evaluating disclosure controls and procedures ("DC&P") and internal controls over financing reporting ("ICFR").

There are inherent limitations in all control systems, such that they can provide only reasonable, not absolute assurance that all control issues, misstatement, or instances of fraud, if any, within the Corporation have been detected.

As the Corporation graduated to the Toronto Stock Exchange from the TSX Venture Exchange in February 2022, in accordance with the National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", the second quarter of 2022 was the first financial reporting period that management has certified the design of our ICFR and DC&P. During the three months ended September 30, 2022 and June 30, 2022, there has not been any changes in the Corporation's ICFR that has materially affected or is reasonably likely to materially affect, the Corporation's ICFR.

DC&P

DC&P are designed to provide reasonable assurance that the information required to be disclosed in documents filed or submitted under securities legislation are recorded, processed, summarized and reported on a timely basis. Management (including the EC & CEO and CFO) have assessed the design of our DC&P as at September 30, 2022 and have concluded that our DC&P are designed effectively.

ICFR

Management (including the EC & CEO and CFO) has designed ICFR to provide reasonable assurance that the Corporation's financial reporting is reliable and that the Corporation's interim financial statement were prepared in accordance with IFRS. In making its assessment, management has used the Committee of Sponsoring Organizations of the Treadway Commission Framework in Internal Controls – Integrated Framework (2013) to evaluate the design of internal controls over financial reporting. Based on our evaluation, management has concluded that the design of our ICFR were effective as at September 30, 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-acquired 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 income that are not related to the main operating activities. Costs related to strategic initiatives such as business acquisitions, integration of newly-acquired businesses and restructuring are considered non-operating.

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

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

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

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

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

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
(in thousands)	**2022**	2021	**2022**	2021
Income before income tax	**$ 31,480**	$ 4,200	**$ 19,743**	$ 8,517
Add back:				
Depreciation and amortization	**951**	1,041	**3,014**	3,151
Finance expense	**678**	1,212	**1,710**	3,809
Finance (recovery) expense on the Preferred Share liability (1)	**(27,758)**	6,576	**492**	16,868
	5,351	13,029	**24,959**	32,345
Adjustments:				
Share-based payments (recovery) expense	**(308)**	(542)	**(319)**	581
Foreign exchange loss (gain)	**23**	174	**39**	(37)
Loss on contract settlement	**75**	90	**48**	531
Gain on sale of an equity-accounted investment	**(525)**	-	**(525)**	-
Non-cash impairment of an equity-accounted investment	**4,778**	-	**4,778**	-
Other income (2)	**-**	(6)	**-**	(244)
Acquisition, integration and restructuring costs (3)	**2**	78	**47**	168
Adjusted EBITDA (4)(5)	**$ 9,396**	$ 12,823	**$ 29,027**	$ 33,344

(1) Though Corporation's overall outlook and forecast has softened since its prior budgeting period in the fourth quarter of 2021, resulting in a revaluation recovery, the Corporation also recognizes accretion expense which results in a net expense on the Preferred Share liability during the nine months ended September 30, 2022 (see the Preferred Share section).

(2) Other income in the three and nine months ended September 30, 2021 related to a legal settlement and the derecognition of sales tax receivables and payables on initial acquisition of the Core Business Operations in 2016, respectively.

(3) Acquisition, integration and restructuring costs for the three and nine months ended September 30, 2021 related to the restructuring and amalgamation of the Corporation from Founders Advantage Capital Corp. to Dominion Lending Centres Inc. These costs for the nine months ended September 30, 2022 relate to the transition of the Corporation from the TSX Venture Exchange to the TSX.

(4) Adjusted EBITDA for the nine months ended September 30, 2022 included an increase in professional fees of $1.6 million compared to the nine months ended September 30, 2021 primarily from elevated legal costs and expenses incurred in the first quarter of 2022.

(5) The amortization of franchise rights and relationships within the Core Business Operations of $0.8 million and $2.4 million for the three and nine months ended September 30, 2022 (September 30, 2021 – $0.7 million and $2.0 million) are classified as a charge against revenue, and have not been added back for Adjusted EBITDA.

FREE CASH FLOW

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

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

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

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

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
(in thousands)	**2022**	2021	**2022**	2021
Cash flow from operating activities	**$ 3,708**	$ 10,940	**$ 17,173**	$ 29,593
Changes in non-cash working capital and other non-cash items	**4,899**	(52)	**7,978**	(2,753)
Cash provided from operations excluding changes in non-cash working capital and other non-cash items	**8,607**	10,888	**25,151**	26,840
Adjustments:				
Distributions from equity-accounted investees (1)	**146**	308	**627**	1,029
Maintenance CAPEX (1)	**(209)**	(262)	**(4,417)**	(1,342)
NCI portion of cash provided from continuing operations	**-**	(521)	**(191)**	(1,302)
Lease payments (1)	**(153)**	(133)	**(453)**	(409)
Acquisition, integration and restructuring costs (1)	**2**	78	**47**	168
Loss on settlement of a contract (1)	**75**	90	**48**	531
Other non-cash items (1)	**2**	(6)	**2**	(244)
	8,470	10,442	**20,814**	25,271
Free cash flow attributable to Preferred Shareholders	**(3,677)**	(4,659)	**(9,373)**	(11,662)
Free cash flow attributable to common shareholders	**$ 4,793**	$ 5,783	**$ 11,441**	$ 13,609

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

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 income that are not related to the main operating activities.

While adjusted net income is not a recognized measure under IFRS, management believes that it is a useful supplemental measure as it provides management and investors with an insightful indication of the operational performance of the Corporation by eliminating certain non-recurring items, adjusting for the net income from the Core Business Operations attributable to the Preferred Shareholders, and excluding the 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 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 income, which is the most directly-comparable measure calculated in accordance with IFRS:

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
(in thousands)	**2022**	2021	**2022**	2021
Net income	**$ 29,381**	$ 1,012	**$ 13,600**	$ 1,520
Add back:				
Gain on sale of an equity-accounted investment	**(525)**	-	**(525)**	-
Non-cash impairment of an equity-accounted investment	**4,778**	-	**4,778**	-
Foreign exchange loss (gain)	**23**	174	**39**	(37)
Finance (recovery) expense on the Preferred Share liability (1)	**(27,758)**	6,576	**492**	16,868
Loss on contract settlement	**75**	90	**48**	531
Other income	**-**	(6)	**-**	(244)
Acquisition, integration and restructuring costs	**2**	78	**47**	168
Income tax effects of adjusting items	**(4)**	(67)	**(18)**	(71)
	5,972	7,857	**18,461**	18,735
Core Business Operations' adjusted net income attributable to Preferred Shareholders	**(3,150)**	(4,127)	**(9,290)**	(10,534)
Adjusted net income	**2,822**	3,730	**9,171**	8,201
Adjusted net income attributable to common shareholders	**2,808**	3,214	**8,959**	6,894
Adjusted net income attributable to non-controlling interest	**14**	516	**212**	1,307
Diluted adjusted earnings per Common Share	**$ 0.06**	$ 0.07	**$ 0.19**	$ 0.14

(1) Though Corporation's overall outlook and forecast has softened since its prior budgeting period in the fourth quarter of 2021, resulting in a revaluation recovery, the Corporation also recognizes accretion expense which results in a net expense on the Preferred Share liability during the nine months ended September 30, 2022 (see the Preferred Share section).