Dominion Lending Centres Inc.

Audited Consolidated Financial Statements

For the years ended December 31, 2022 & December 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dominion Lending Centres Inc.

Opinion

We have audited the consolidated financial statements of Dominion Lending Centres Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of income (loss), consolidated statements of comprehensive income (loss), consolidated statements of equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Impairment of equity-accounted investments (Impact)

As disclosed in Notes 3(d), 3(l) and 5, the Company's statement of financial position includes $6,054 thousand as at December 31, 2022 related to its equity-accounted investment in Cape Communications International Inc. ("Impact"). Equity-accounted investments are tested for impairment at the end of each reporting period only when there is objective evidence that the carrying value of the investment may exceed the recoverable amount.

During 2022, management identified indicators of impairment on its investment in Impact and recorded $4,778 thousand of impairment.

Management estimated the recoverable amount of Impact using a capitalized earnings before interest, tax, depreciation and amortization ("EBITDA") approach.

Determining the recoverable amount for Impact is a key audit matter given the subjective nature of significant unobservable inputs that require judgments and estimates related to estimating a multiple of EBITDA.

To test the estimated recoverable amounts of the investment in Impact, we performed the following audit procedures, amongst others:

- We involved our valuation specialists to evaluate the appropriateness of the valuation methodology applied, specifically the capitalized EBITDA method under a fair value less cost of disposal approach; and to assess the multiple applied to EBITDA by comparison to multiples of observable public companies;
- We assessed the accuracy of historical EBITDA used in management's analysis by comparing to historical operating results; and
- We assessed the adequacy of the Company's disclosures included in the notes to the consolidated financial statements in relation to this matter.

Valuation of the preferred share liability

As disclosed in Notes 3(l), 3(m) and 15, the Company's statement of financial position includes a Preferred Share liability of $110,160 thousand. The carrying value of the Preferred Share liability is adjusted at each balance sheet date for any revisions in the estimated cash flows. The valuation of the preferred share liability is a key audit matter given the subjective nature of management's assumptions. Significant assumptions used in determining the carrying value of the preferred share liability include determination of future revenues and cash flows, which are subject to uncertainty with regards to forecasted mortgage volumes, and revenue growth through forecasted mortgage franchisee recruitments and renewals.	To test the carrying value of the Preferred Share liability, we performed the following audit procedures, amongst others: • We tested management's forecast revenue assumptions by comparing them to historical operating results and committed contractual arrangements; • We tested management's investing cash flow forecast by comparing forecasted additions of franchise rights, relationships, and agreements to historical results and expected timing of cash outflows based on anticipated expiration of existing agreements; • We tested management's financing cash flow forecast by comparing forecasted debt repayments to current outstanding debt agreements; • We assessed the accuracy of management's estimation process by comparing actual results to previous estimates; and • We assessed the adequacy of the Company's disclosures included in the notes to the consolidated financial statements in relation to this matter.

Other Information

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

- Management's Discussion and Analysis

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high

level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Chartered Professional Accountants

Calgary, Alberta
March 28, 2023

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

	As at December 31, 2022	As at December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	**$ 9,214**	$ 20,886
Trade and other receivables (note 4)	**14,063**	17,990
Prepaid expenses and deposits	**3,171**	1,564
Notes receivable	**110**	343
Total current assets	**26,558**	40,783
Non-current assets		
Trade, other receivables and other assets (note 4)	**1,409**	302
Investments	**246**	246
Equity-accounted investments (note 5)	**7,779**	28,517
Capital assets (note 6)	**241**	352
Right-of-use assets (note 7)	**1,961**	1,859
Intangible assets (note 8)	**125,306**	121,429
Goodwill (note 8)	**60,437**	60,437
Total assets	**$ 223,937**	$ 253,925
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	**$ 26,570**	$ 46,884
Loans and borrowings (note 13)	**4,662**	1,233
Deferred contract liabilities (note 10)	**482**	1,129
Lease obligations (note 14)	**505**	436
Preferred Share liability (note 15)	**6,190**	14,908
Total current liabilities	**38,409**	64,590
Non-current liabilities		
Loans and borrowings (note 13)	**32,008**	35,233
Deferred contract liabilities (note 10)	**202**	552
Other long-term liabilities (note 11)	**1,069**	2,540
Lease obligations (note 14)	**1,753**	1,860
Deferred tax liabilities (note 22)	**14,337**	11,777
Preferred Share liability (note 15)	**103,970**	103,552
Total liabilities	**191,748**	220,104
Equity		
Share capital (note 16)	**136,019**	118,018
Contributed surplus	**11,783**	15,573
Accumulated other comprehensive income (loss)	**794**	(21)
Deficit	**(116,638)**	(101,830)
Total equity attributable to shareholders	**31,958**	31,740
Non-controlling interest (note 12)	**231**	2,081
Total liabilities and equity	**$ 223,937**	$ 253,925

Commitments and contingencies (note 26)
Subsequent events (note 28)
The accompanying notes form an integral part of these financial statements.

Signed on behalf of the Board of Directors,

(signed)
Gary Mauris, Director

(signed)
Dennis Sykora, Director

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

For the years ended December 31,		**2022**		2021
Revenue (note 19)	**$**	**70,720**	$	78,816
Direct costs		**10,704**		9,845
Gross profit		**60,016**		68,971
General and administrative expenses (note 20)		**29,749**		26,347
Share-based payments (recovery) expense (note 17)		**(104)**		1,107
Depreciation and amortization (notes 6, 7 and 8)		**3,985**		4,130
		33,630		31,584
Income from operations	**$**	**26,386**	$	37,387
Other (expense) income				
Finance expense (note 21)		**(2,355)**		(6,808)
Finance expense on the Preferred Share liability (note 15)		**(2,397)**		(26,543)
Income (loss) from equity-accounted investments (note 5)		**817**		(99)
Gain on sale of equity-accounted investment (note 5)		**525**		-
Non-cash impairment of equity-accounted investment (note 5)		**(4,778)**		-
Other income		**795**		908
		(7,393)		(32,542)
Income before tax	**$**	**18,993**	$	4,845
Income tax expense (note 22)				
Current tax expense		**(4,147)**		(6,618)
Deferred tax expense		**(2,560)**		(2,170)
		(6,707)		(8,788)
Net income (loss)	**$**	**12,286**	$	(3,943)
Attributable to:				
Common shareholders	**$**	**12,061**	$	(5,508)
Non-controlling interest	**$**	**225**	$	1,565
Earnings (loss) per Common Share attributable to Common Shareholders (note 23)				
Basic and diluted	**$**	**0.25**	$	(0.12)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands of Canadian dollars)

For the years ended December 31,		**2022**		2021
Net income (loss)	**$**	**12,286**	$	(3,943)
Other comprehensive income (loss)				
Items that will be subsequently reclassified to net income (loss):				
Foreign exchange translation income (loss) from equity-accounted investments (net of tax) (note 5)		**815**		(21)
Total other comprehensive income (loss)		**815**		(21)
Comprehensive income (loss)	**$**	**13,101**	$	(3,964)
Attributable to:				
Common Shareholders	**$**	**12,876**	$	(5,529)
Non-controlling interest	**$**	**225**	$	1,565

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

CONSOLIDATED STATEMENTS OF EQUITY
(in thousands of Canadian dollars)

	Attributable to Shareholders of Dominion Lending Centres Inc.						
	Share capital	Contributed surplus	AOC(L)I [(1)]	Deficit	Total shareholders' equity	Non-controlling interest	Total equity
Balance at December 31, 2020	$ 130,216	$ 15,573	$ -	$ (96,322)	$ 49,467	$ 1,423	$ 50,890
Normal course issuer bid ("NCIB")	(948)	-	-	-	(948)	-	(948)
Substantial issuer bid ("SIB") (note 16)	(11,250)	-	-	-	(11,250)	-	(11,250)
Net loss and comprehensive loss	-	-	(21)	(5,508)	(5,529)	1,565	(3,964)
Distributions to non-controlling interest	-	-	-	-	-	(907)	(907)
Balance at December 31, 2021	$ 118,018	$ 15,573	$ (21)	$ (101,830)	$ 31,740	$ 2,081	$ 33,821
SIB (note 16)	**4,568**	**-**	**-**	**-**	**4,568**	**-**	**4,568**
Acquisition of Newton Connectivity Systems Inc. (notes 12 and 16)	**7,098**	**-**	**-**	**(22,507)**	**(15,409)**	**(1,475)**	**(16,884)**
Warrants exercised (notes 16 and 17)	**6,755**	**(3,767)**	**-**	**-**	**2,988**	**-**	**2,988**
Share options exercised (notes 16 and 17)	**248**	**(23)**	**-**	**-**	**225**	**-**	**225**
NCIB (note 16)	**(668)**	**-**	**-**	**-**	**(668)**	**-**	**(668)**
Net income and comprehensive income	**-**	**-**	**815**	**12,061**	**12,876**	**225**	**13,101**
Dividends declared (note 16)	**-**	**-**	**-**	**(4,362)**	**(4,362)**	**-**	**(4,362)**
Distributions to non-controlling interest	**-**	**-**	**-**	**-**	**-**	**(600)**	**(600)**
Balance at December 31, 2022	**$ 136,019**	**$ 11,783**	**$ 794**	**$ (116,638)**	**$ 31,958**	**$ 231**	**$ 32,189**

(1) Accumulated other comprehensive (loss) income.

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

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

For the years ended December 31,		2022		2021
Operating Activities				
Net income (loss)	$	**12,286**	$	(3,943)
Items not affecting cash:				
Share-based payments (recovery) expense (note 17)		**(104)**		1,107
Depreciation and amortization (notes 6, 7 and 8)		**3,985**		4,130
Amortization of debt issuance costs (note 21)		**154**		1,607
Amortization of franchise rights (note 8)		**3,265**		2,716
Finance expense on the Preferred Share liability (note 15)		**2,397**		26,543
Deferred tax expense (note 22)		**2,560**		2,170
(Income) loss from equity-accounted investments (note 5)		**(817)**		99
Gain on sale of equity-accounted investment (note 5)		**(525)**		-
Non-cash impairment of equity-accounted investment (note 5)		**4,778**		-
Interest on lease liabilities (note 14)		**119**		134
Other non-cash items		**(5,169)**		(3,705)
Changes in non-cash working (deficit) capital (note 24)		**(7,056)**		8,203
Cash provided by operating activities		**15,873**		39,061
Investing Activities				
Expenditures on capital assets (note 6)		**(1)**		(134)
Investment in intangible assets (note 8)		**(7,239)**		(4,895)
Proceeds on disposal of capital and intangible assets		**13**		28
Distributions from equity-accounted investees (note 5)		**677**		1,449
Investment in equity-accounted investees (note 5)		**(250)**		(300)
Proceeds from the sale of equity-accounted investee (note 5)		**16,500**		-
Distributions to non-controlling interests		**(600)**		(907)
Cash provided by / (used in) investing activities		**9,100**		(4,759)
Financing Activities				
Proceeds from debt financing, net of transaction costs (note 13)		**31,475**		42,298
Acquisition of Newton Connectivity Systems Inc. (note 12)		**(16,884)**		-
SIB shares repurchase (note 16)		**(6,682)**		-
Repayment of debt (note 13)		**(31,425)**		(48,379)
Lease payments (note 14)		**(610)**		(551)
NCIB share repurchase (note 16)		**(668)**		(948)
Warrants exercised (notes 16 and 17)		**2,988**		-
Share options exercised (notes 16 and 17)		**225**		-
Repayments for settlement of foreign exchange forward contracts		**-**		(2,397)
Dividends paid to Common Shareholders (note 16)		**(4,362)**		-
Dividends paid to Preferred Shareholders (note 15)		**(10,697)**		(13,768)
Cash used in financing activities		**(36,640)**		(23,745)
(Decrease) increase in cash and cash equivalents		**(11,667)**		10,557
Impact of foreign exchange on cash and cash equivalents		**(5)**		13
Cash and cash equivalents, beginning of year		**20,886**		10,316
Cash and cash equivalents, end of year	$	**9,214**	$	20,886
Cash flows include the following amounts:				
Interest paid	$	**2,082**	$	4,441
Interest received	$	**173**	$	47
Income taxes paid	$	**8,924**	$	5,316

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

1. NATURE OF OPERATIONS

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

Entity overview

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

	Ownership interest	
	December 31, 2022	December 31, 2021
MCC Mortgage Centre Canada Inc. ("MCC")	**100%**	100%
MA Mortgage Architects Inc. ("MA")	**100%**	100%
Newton Connectivity Systems Inc. ("Newton") (note 12)	**100%**	70%

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

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

At December 31, 2022, the Non-Core Business Asset Management segment includes the Corporation's interest in Cape Communications Ltd. ("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 note 5). Collectively, Impact and Club16 are referred to as the "Non-Core Assets". The Non-Core Business Asset Management segment contains the expenses, assets and liabilities associated with management of the Non-Core Assets, the Junior Credit Facility (as defined herein), and public company costs.

2. BASIS OF PREPARATION

Statement of compliance

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

These financial statements were authorized for issuance by the Board of Directors on March 28, 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

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

a. Basis of measurement

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

b. Basis of consolidation

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

Non-controlling interests represent the minority interests in subsidiaries owned by outside parties. Non-controlling interests are measured at the fair value on the date acquired plus their proportionate share of subsequent changes in

equity, less distributions made to those entities.

c. Cash and cash equivalents

Cash consists of demand deposits with accredited financial institutions in Canada. Cash equivalents consist of temporary investments with a maturity of three months or less, and temporary investments with a maturity of greater than three months and less than a year, in cases where the investments are readily convertible to cash and there is insignificant risk of changes in value. The Corporation does not have cash equivalents.

d. Equity-accounted investments

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

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

e. Capital assets

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

Assets	Estimated useful life
Computer equipment	2-5 years
Other	2- 10 years

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

f. Intangible assets and goodwill

Intangible assets

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

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

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

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

Goodwill

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

g. Impairment

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

h. Share-based payments

Share options

The Corporation had issued share option awards to directors and employees, but as at December 31, 2022 there are no share options outstanding. The fair value of the awards, as at the share option grant date, was measured using an option-pricing model and was recognized over the vesting period as share-based payments expense. At the end of each reporting period, the Corporation reassessed its estimates of the number of awards expected to vest and recognized the impact in the consolidated statements of income (loss), with a corresponding adjustment to contributed surplus. When share options were exercised, the proceeds received, together with any amounts in contributed surplus, were recorded in share capital.

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

Phantom share options ("PSO")

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

Restricted share units ("RSU")

RSUs are cash-settled share-based payments awarded to directors and employees. The fair value of RSUs are recognized as share-based payments (recovery) expense, with a corresponding change in accrued liabilities over the vesting period. The amount recognized as an expense is based on the estimated number of RSUs expected to vest. RSUs are measured

at their fair value at each reporting period, which is determined using the share price at the closing date, plus any dividends paid, less an estimate for expected forfeited RSUs.

i. Leases

Definition of a lease

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

Accounting for lease arrangements

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

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

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

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

j. Current and deferred taxes

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

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

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

k. Earnings (loss) per Common Share

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

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

l. Use of estimates and judgments

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

The areas which require management to make significant estimates, judgments and assumptions are as follows:

Valuation of the Preferred Share liability

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

Control assessment and classification of non-controlling interest

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

Valuations of equity-accounted investments

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

Equity-accounted investments are assessed for impairment when indicators of impairment are identified, by comparing the carrying amount of each investment to its recoverable amount, which is calculated as the higher of the CGU's fair value less cost of disposal or its value in use. If impairment is identified, the reduction in the Corporation's carrying value of the equity-accounted investment is reduced to its fair value. The reduction is first applied against the Corporation's goodwill with any remaining balance against the equity-accounted investments' intangible assets.

Intangible assets

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

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

Impairment of goodwill and intangible assets

Goodwill and indefinite life intangible assets are not amortized. Goodwill and indefinite-life intangible assets are

assessed for impairment on an annual basis, or when indicators of impairment are identified, by comparing the carrying amount of each asset to its recoverable amount, which is calculated as the higher of the CGU's fair value less cost of disposal or its value in use. The Corporation applies fair value less cost of disposal method. The fair value less cost of disposal is calculated using a discounted cash flow analysis, which requires management to make many significant assumptions, including those related to future operating plans, discount rates and future growth rates.

Finite-life intangible assets are assessed for indicators of impairment at the end of each reporting period. If indicators of impairment exist, the Corporation assesses whether the carrying amount of the asset is considered recoverable. An impairment loss is recorded when the carrying value exceeds its recoverable amount, which is calculated as the higher of the asset's fair value less cost of disposal or its value in use. The Corporation applies the fair value less cost of disposal method. The fair value less cost of disposal is calculated using a discounted cash flow analysis, which requires management to make many significant assumptions, including those related to future operating plans, discount rates and future growth rates.

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

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

Liquidity
As part of its capital management process, the Corporation prepares and uses budgets and forecasts to direct and monitor its strategy, ongoing operations and liquidity of the Corporation and its subsidiaries. This includes ongoing and forecasted compliance with the covenants as set out within the Corporation's lending agreements (see note 13) and the Corporation's ability to meet its commitments and obligations as they become due. Budgets and forecasts are subject to significant judgment and estimates relating to future activity levels, future cash flows and the timing thereof, availability of acceptable financing arrangements and other factors which may or may not be within the control of the Corporation (customer demand, growth rates, access to capital, etc.).

m. Financial instruments: classification and measurement

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

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

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

The Preferred Shares were initially measured at their fair value net of any directly-attributable transaction costs and are subsequently recognized at amortized cost. The Preferred Share liability is revised for any changes in cash flow estimates at the end of each reporting period using an income approach based on the initial discount rate applied. The adjustments to the carrying value of the Preferred Shares are recognized as a revaluation expense or recovery within finance expense on the Preferred Share liability on the consolidated statements of income (loss).

n. Revenue

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

Core Business Operations—franchising revenue, mortgage brokerage services

Mortgage brokerage franchising revenue is earned by providing franchisees the nonexclusive right to operate a DLC Group franchise, which includes income from royalties, monthly advertising and service fees, and connectivity fees. The Corporation may incur franchise agreement expenses prior to or concurrent with entering into franchise agreements, including payments to the franchisees. These costs are capitalized on an agreement basis and amortized over the same term as the agreements to which they relate. The amortization of these franchise payments is recognized against revenue.

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

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

Core Business Operations—brokering of mortgages

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

o. Recent accounting pronouncements

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

4. TRADE AND OTHER RECEIVABLES

		December 31, 2022		December 31, 2021
Trade accounts receivable				
Franchise fees and mortgage brokerage services	$	10,591	$	15,946
Other trade receivables [1]		1,124		1,554
		11,715		17,500
GST/HST taxes receivable		2,226		-
Notes receivable		1,240		-
Other receivables and assets		291		792
Total trade and other receivables		15,472		18,292
Long-term portion		(1,409)		(302)
	$	14,063	$	17,990

(1) Other trade receivables primarily relate to receivables from Newton's customers.

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

		December 31, 2022		December 31, 2021
Current	$	11,689	$	16,503
31-60 days		48		1,118
61-90 days		51		17
Past due > 90 days		257		272
Allowance for doubtful accounts		(330)		(410)
	$	11,715	$	17,500

5. EQUITY-ACCOUNTED INVESTMENTS

Club16

On August 31, 2022, the Corporation closed the sale of its 58.4% interest in Club16 (the "Sale of Club16") to Club16 management (the "Purchaser") for aggregate gross proceeds of $18,000 (the "Club16 Purchase Price"). The Club16 Purchase Price was comprised of: (i) a cash payment of $16,500; and (ii) a non-interest-bearing promissory note issued by the Purchaser for $1,500 (the "Promissory Note"). The Promissory Note is to be paid in 24 equal monthly payments of $62.5, with the first monthly payment commencing on August 31, 2023. The Corporation has recognized a gain on the sale of the equity-accounted investment of $525 within the consolidated statements of income (loss) for the difference between the carrying value of the Corporation's investment in Club16 and the Club16 Purchase Price. The principal place of Club16's business is Surrey, British Columbia, Canada.

During the year ended December 31, 2022, the Corporation received distributions of $277 from Club16 (December 31, 2021—$nil)

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

		December 31, 2021
Current assets	$	5,921
Non-current assets		76,211
Current liabilities		(12,314)
Non-current liabilities		(54,509)
Net assets		15,309
% of ownership		58.4%
		8,940
Goodwill		8,122
Corporation share of net assets	$	17,062

For the years ended December 31,		2022[1]		2021
Revenue	$	24,156	$	32,068
Expenses (including income tax)		24,021		35,675
Income (loss) before tax		135		(3,607)
Income tax recovery		515		1,523
Net income (loss)		650		(2,084)
% of ownership		58.4%		58.4%
Corporation share of net income (loss)	$	380	$	(1,217)

(1) As the Sale of Club16 was completed on August 31, 2022, the 2022 results are up to August 31, 2022.

Impact

The Corporation owns a 52.0% interest in Impact. Given that the shareholders' agreement requires all decisions of shareholders to be unanimous, the Corporation was determined to have joint control of Impact with the minority interest holder. The principal place of business is Kelowna, British Columbia, Canada.

During the year ended December 31, 2022, the Corporation recognized a non-cash impairment loss of $4,778 within the consolidated statements of income (loss) 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 costs of disposal of its investment through a capitalized earnings before interest, tax, depreciation, and amortization ("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 an estimate based on comparable companies and recent comparable transactions for companies in a similar industry.

During the year ended December 31, 2022, the Corporation did not receive distributions from Impact (December 31, 2021—$728.)

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

		December 31, 2022		December 31, 2021
Current assets	$	4,836	$	4,964
Non-current assets [1]		10,465		10,917
Current liabilities		(492)		(1,669)
Non-current liabilities (including contributed surplus)		(3,166)		(3,137)
Net assets		11,643		11,075
% of ownership		52.0%		52.0%
		6,054		5,759
Goodwill [1][2]		-		4,170
Corporation share of net assets	$	6,054	$	9,929

(1) Net of the non-cash impairment loss of $4,778.
(2) Impact's goodwill is adjusted for foreign exchange translation differences at the end of each reporting period.

For the years ended December 31,		2022		2021
Revenue	$	9,461	$	9,938
Expenses		9,187		8,956
Income before tax		274		982
Income tax expense		(101)		(334)
Net income		173		648
% of ownership		52.0%		52.0%
Corporation share of net income	$	90	$	337

Other comprehensive income (loss)	$	1,567	$	(41)
% of ownership		52.0%		52.0%
Corporation share of other comprehensive income (loss)	$	815	$	(21)

Other Core Business Operations' Equity-Accounted Investments

The following tables summarize the financial information of the Corporation's investments in its other joint arrangements. The Corporation's ownership interest in these entities is not significant, and ranges from 30%-50%. The Corporation is entitled to the net assets of these entities, and therefore, the joint control arrangements are considered joint ventures and accounted for using the equity method.

During the year ended December 31, 2022, the Corporation made investments of $250 in other joint arrangements (December 31, 2021—$300); and received distributions from its other joint arrangements of $400 (December 31, 2021—$721).

		December 31, 2022		December 31, 2021
Current assets	**$**	**1,375**	$	978
Non-current assets		**208**		163
Current liabilities		**(687)**		(616)
Non-current liabilities		**(1)**		-
Net assets		**895**		525
% of ownership		**30%-50%**		30%-50%
		422		223
Goodwill		**1,303**		1,303
Corporation share of net assets	**$**	**1,725**	$	1,526

For the years ended December 31,		**2022**		2021
Revenue	**$**	**5,948**	$	6,125
Expenses (including income tax)		**5,287**		4,565
Net income		**661**		1,560
% of ownership		**30%-50%**		30%-50%
Corporation share of net income	**$**	**347**	$	781

Impairment Assessment

As noted above, management has recognized a non-cash impairment loss on Impact of $4,778 during the year ended December 31, 2022 (December 31, 2021—$nil). Based on management's assessment, there were no impairment indicators, and no impairment was recognized on the other equity-accounted investments during the year ended December 31, 2022 and December 31, 2021.

6. CAPITAL ASSETS

		Computer Equipment		Other		Total capital assets
Cost						
Balance at December 31, 2020	$	368	$	240	$	608
Additions		134		-		134
Disposals		-		(145)		(145)
Balance at December 31, 2021	$	502	$	95	$	597
Additions		**1**		**-**		**1**
Balance at December 31, 2022	**$**	**503**	**$**	**95**	**$**	**598**
Accumulated amortization						
Balance at December 31, 2020	$	(83)	$	(204)	$	(287)
Disposals		-		145		145
Depreciation expense		(69)		(34)		(103)
Balance at December 31, 2021	$	(152)	$	(93)	$	(245)
Depreciation expense		**(111)**		**(1)**		**(112)**
Balance at December 31, 2022	**$**	**(263)**	**$**	**(94)**	**$**	**(357)**
Carrying value						
December 31, 2021	$	350	$	2	$	352
December 31, 2022	**$**	**240**	**$**	**1**	**$**	**241**

7. RIGHT OF USE ASSETS

		Office & Buildings
Cost		
Balance at December 31, 2020	$	2,718
Balance at December 31, 2021	$	2,718
Additions		**526**
Disposals		**(109)**
Balance at December 31, 2022	**$**	**3,135**
Accumulated depreciation		
Balance at December 31, 2020	$	(541)
Depreciation expense		(318)
Balance at December 31, 2021	$	(859)
Disposals		**48**
Depreciation expense		**(363)**
Balance at December 31, 2022	**$**	**(1,174)**
Carrying value		
December 31, 2021	$	1,859
December 31, 2022	**$**	**1,961**

8. INTANGIBLE ASSETS AND GOODWILL

		Franchise rights, relationships and agreements		Brand names		Software		Total intangible assets
Cost								
Balance at December 31, 2020	$	98,037	$	45,700	$	5,214	$	148,951
Additions		4,778		-		117		4,895
Disposals		(1,417)		-		(34)		(1,451)
Balance at December 31, 2021	$	101,398	$	45,700	$	5,297	$	152,395
Additions [1]		**10,663**		**-**		**-**		**10,663**
Disposals		**(954)**		**-**		**(1,255)**		**(2,209)**
Balance at December 31, 2022	**$**	**111,107**	**$**	**45,700**	**$**	**4,042**	**$**	**160,849**
Accumulated amortization								
Balance at December 31, 2020	$	(21,817)	$	-	$	(4,046)	$	(25,863)
Disposals		1,322		-		-		1,322
Amortization recognized as a charge against revenue		(2,716)		-		-		(2,716)
Amortization expense		(3,309)		-		(400)		(3,709)
Balance at December 31, 2021	$	(26,520)	$	-	$	(4,446)	$	(30,966)
Disposals		**943**		**-**		**1,255**		**2,198**
Amortization recognized as a charge against revenue		**(3,265)**		**-**		**-**		**(3,265)**
Amortization expense		**(3,235)**		**-**		**(275)**		**(3,510)**
Balance at December 31, 2022	**$**	**(32,077)**	**$**	**-**	**$**	**(3,466)**	**$**	**(35,543)**
Carrying value								
December 31, 2021	$	74,878	$	45,700	$	851	$	121,429
December 31, 2022	**$**	**79,030**	**$**	**45,700**	**$**	**576**	**$**	**125,306**

(1) Additions includes franchise rights, relationships and agreements of $3,424 included within accrued liabilities as of December 31, 2022.

Intangible assets with indefinite lives:

		December 31, 2022		December 31, 2021
DLC Group brand names	**$**	**45,700**	$	45,700

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

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

Goodwill by CGU		**December 31, 2022**		December 31, 2021
DLC Group	**$**	**57,097**	$	57,097
Newton		**3,340**		3,340
	$	**60,437**	$	60,437

The Corporation completed its annual impairment test for goodwill and indefinite-life intangible assets as at December 31, 2022. The recoverable amounts were based on the fair value less cost of disposal, an income-based approach whereby a present value technique is employed that takes into account estimated future cash flows based on assumptions that would be common to any market participant. This approach requires management to make estimates and assumptions about operating margins, discount rates and tax rates (level 3 within the fair value hierarchy). Future cash flows are based on management's projections for a five-year period with a perpetual growth rate applied thereafter. The discount rate is based on the weighted-average cost of capital ("WACC") for comparable companies operating in similar industries as the applicable CGU. The WACC is an estimate of the overall required rate of return on an investment for both debt and equity owners and serves as the basis for developing an appropriate discount rate.

The Corporation's assumptions regarding revenue, gross margin, cash flows and EBITDA were based on each CGU's internal budget, which is approved by the Board of Directors. The key assumptions used in performing the impairment tests were as follows:

	DLC Group Franchises	Newton
Perpetual growth rate	2.0%	2.0%
Tax rate	21.3%	26.6%
Discount rate	10.8%	21.8%

Based on management's assessment, no impairment was recognized during the years ended December 31, 2022 and December 31, 2021.

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

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		December 31, 2022		December 31, 2021
Accrued liabilities				
Commissions payable	**$**	**11,305**	$	18,253
SIB liability (note 16)		**-**		11,250
Share-based compensation liability (note 17)		**935**		1,577
Other accrued liabilities		**11,431**		10,733
		23,671		41,813
Trade payables		**1,520**		1,471
Income tax payable		**-**		3,322
Government agencies payable		**-**		223
Other		**1,379**		55
	$	**26,570**	$	46,884

10. DEFERRED CONTRACT LIABILITIES

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

		2022		2021
Balance at January 1	**$**	**1,681**	$	2,612
Additions		**1,623**		2,227
Revenue recognized from deferred contract liabilities		**(2,620)**		(3,158)
Balance at December 31	**$**	**684**	$	1,681
Current	**$**	**482**	$	1,129
Non-current	**$**	**202**	$	552

11. OTHER LONG-TERM LIABILITIES

		December 31, 2022		December 31, 2021
Share-based compensation liability (note 17)	**$**	**-**	$	1,096
Impact contingent liability (see note 27)		**1,000**		1,000
Franchise renewal incentives		**69**		444
	$	**1,069**	$	2,540

12. NON-CONTROLLING INTEREST

Non-controlling interests represent third-party equity interests in subsidiaries controlled by the Corporation.

On February 15, 2022, the Corporation entered into a purchase agreement with Next4 Holdings Inc. ("Next4") to acquire the remaining 30% of 10017078 Canada Inc. ("Newton Holdco") that the Corporation did not already own (the "Newton Acquisition") for an aggregate purchase price of $24,000 (the "Newton Purchase Price"). The Newton Purchase Price was comprised of a cash payment of $16,865 and the issuance of 1,853,247 Common Shares of the Corporation, having a deemed value of $3.85 per share (the "Share Consideration") (see note 16). As Geoff Willis (President of Newton) and Kevin Dear (Vice-President of Newton) are both directors and indirect 25% shareholders of Next4, the Newton Acquisition was a related-party transaction (see note 27). The Newton Acquisition closed on February 28, 2022.

Changes in the Corporation's interest in a subsidiary that do not result in a change in control are accounted for within shareholders' equity. The following summarizes the change to the Corporation's deficit as a result of the Newton Acquisition:

For the year ended		**December 31, 2022**
Issuance of Common Shares [(1)(2)]	**$**	**(7,117)**
Cash consideration [(2)]		**(16,865)**
Elimination of non-controlling interest		**1,475**
Net increase to deficit	**$**	**(22,507)**

(1) The Corporation recognized the issuance of the Common Shares at the fair market value of $3.84 per share (see note 16).
(2) Gross of transaction costs (see note 16).

As at December 31, 2021, the Corporation held a 70% interest in Newton. The table below summarizes the comparative financial information for Newton. The amounts disclosed are based on the total balances included in these financial statements.

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

13. LOANS AND BORROWINGS

		December 31, 2022		December 31, 2021
Core Business Operations				
Revolving Facility	$	-	$	-
Acquisition Facility		**26,076**		6,165
Non-Revolving Term Loan (“DDTL”) Facility		**6,400**		-
Non-Core Business Asset Management				
Junior Credit Facility		**4,513**		30,648
		36,989		36,813
Debt issuance costs		**(319)**		(347)
Total loans and borrowings		**36,670**		36,466
Less: current portion		**(4,662)**		(1,233)
	$	**32,008**	$	35,233

The Corporation’s loans and borrowings consist of three senior term credit facilities (collectively, the “Senior Credit Facilities”) and a junior term credit facility (the “Junior Credit Facility”). The Senior Credit Facilities are held within the Core Business Operations and the Junior Credit Facility is held within the Non-Core Business Asset Management segment. The Senior Credit Facilities and the Junior Credit Facility have a term of three years with maturity in December 2024.

Quarterly financial covenants for all facilities include the requirement to maintain an adjusted total debt-to-EBITDA ratio of less than 2.75:1.00 and an interest coverage ratio greater than 3.00:1.00. At December 31, 2022, the Corporation’s adjusted total debt-to-EBITDA ratio and interest coverage ratio were 0.85:1.00 and 13.54:1.00, respectively. At December 31, 2022, the Corporation was in compliance with all such covenants.

Core Business Operations

On February 28, 2022, the Corporation entered into an amending agreement with TD Bank, whereby the Corporation increased its Acquisition Facility by $24,000, from $10,000 to $34,000. An aggregate of $16,865 was drawn on the Acquisition Facility to pay the cash consideration at closing to the vendors of the Newton Acquisition (see note 12) and an aggregate of $7,135 was drawn on the Acquisition Facility to transfer to the Corporation’s Non-Core Business Asset Management segment as compensation for the issuance of the Share Consideration (which amount was paid against the Corporation’s Junior Credit Facility). As such, the Newton Acquisition resulted in net additional borrowings of $16,865, with borrowings by the Corporation’s Core Business Operations increasing by $24,000 and borrowings by the Corporation’s Non-Core Business Asset Management segment decreasing by $7,135.

The DDTL Facility is a delayed-draw term loan that allowed the Corporation to withdraw predefined amounts. During the year ended December 31, 2022, the Corporation drew $7,600 on its DDTL Facility, of which $4,560 was used to fund the SIB completed on January 11, 2022 and $3,040 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 $2,122 to complete the purchase of tendered shares under the SIB. The remaining $12,400 credit available under the $20,000 DDTL facility was cancelled.

Borrowings under the Senior Credit Facilities are comprised of floating-rate advances or Canadian bankers’ acceptances (“BA”). Floating-rate advances bear interest at a rate equal to prime plus 0.00% to 0.50%. BAs bear interest at a rate determined at the time of their acceptance plus a stamping fee of 1.75% to 2.25%. As at December 31, 2022, the outstanding Senior Credit Facilities were all BAs with a blended annual interest rate of 4.51% plus a stamping fee of 1.75%.

As at December 31, 2022, $4,662 of the balance outstanding on the Acquisition Facility is classified as current (December 31, 2021—$1,233). As the Corporation’s repayments on the DDTL facility are voluntary, the full amount outstanding as at December 31, 2022 and December 31, 2021 were classified as long-term.

Non-Core Business Asset Management

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

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

14. LEASE OBLIGATIONS

The Corporation has lease commitments for buildings and office spaces with varying terms that expire between 2023 and 2029, captured in the below table:

Balance at December 31, 2020	$	2,713
Lease payments		(551)
Interest on lease obligations		134
Balance at December 31, 2021		2,296
Addition of new leases		**526**
Lease payments		**(610)**
Interest on lease obligations		**119**
Disposal		**(73)**
Balance at December 31, 2022		**2,258**
Current portion		**(505)**
	$	**1,753**

The approximate undiscounted lease payments remaining are as follows:

Year		**Lease payments**
2023	$	602
2024		448
2025		206
2026		109
2027		41
Thereafter		66
Balance at December 31, 2022		**1,472**

15. PREFERRED SHARE LIABILITY

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

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

The Dividend Entitlement is determined by a contractual measurement as defined in the Preferred Share terms, representing 95% of the total of the Core Business Operations': adjusted cash flows from operating activities, cash flows used in investing activities, adjusted cash flows from financing activities, taxes attributable, and any other adjustments approved by the Board of the Corporation and the majority Preferred Shareholder. The Preferred Shareholders are entitled to an annual dividend equal to 40% of the defined cash flows and the remaining 60% is retained for use in the Non-Core Business Asset Management segment. The Corporation pays interim monthly cash dividends ("Interim Dividends") to the Preferred Shareholders in an amount determined by the Board of the Corporation that represents a good-faith estimate of the monthly instalment of the Dividend Entitlement, which may be more or less than the actual Dividend Entitlement based on seasonality of cash flows.

During the year ended December 31, 2022, the Corporation paid Interim Dividends of $10,160 (December 31, 2021—$13,768) and the Dividend Entitlement attributable to Preferred Shareholders was $10,351 (December 31, 2021—$14,786), resulting in a increase of the Dividend Entitlement to the Preferred Shareholders at December 31, 2022 of $191, which is included in the Preferred Share liability. During the year ended December 31, 2022, the Corporation paid a true-up of the Dividend Entitlement payable as at December 31, 2021 of $537 to the Preferred Shareholders (December 31, 2021—$nil).

During the year ended December 31, 2022, the Board of Directors of the Corporation passed a resolution to reduce the Dividend Entitlement for the year ended December 31, 2021, resulting in an unpaid reversal of $481 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. During the year ended December 31, 2022, the Board of Directors of the Corporation passed a resolution to increase the Dividend Entitlement for the year ended December 31, 2022 by $380 for the proceeds drawn on the DDTL facility.

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 (the sale of the Core Business Operations). The Preferred Shareholders are not entitled, upon liquidation, dissolution or winding up of the Corporation or on the sale of any part of the Non-Core Assets, to share in any proceeds received by the Corporation from the disposition of the Non-Core Assets.

A summary of activity during the year is as follows:

	Number of Preferred Shares		Amount
Balance at December 31, 2021 (1)	26,774,054	$	118,460
Dividends paid	-		(10,697)
Finance expense on the Preferred Share liability	-		2,397
Balance at December 31, 2022 (1)	**26,774,054**	**$**	**110,160**
Current		**$**	**6,190**
Non-Current		**$**	**103,970**

(1) Net of transaction costs.

For the years ended December 31,		**2022**		2021
Accretion expense on the Preferred Share liability	**$**	**19,454**	$	16,708
Revaluation (recovery) expense of the Preferred Share liability		**(17,057)**		9,835
Finance expense on the Preferred Share liability	**$**	**2,397**	$	26,543

16. SHARE CAPITAL

Authorized share capital

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

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

	Number of Common Shares		Amount
Balance at December 31, 2021	46,357,841	$	118,018
SIB	**(1,781,790)**		**4,568**
Newton Acquisition	**1,853,247**		**7,098**
Warrants exercised	**2,078,568**		**6,755**
NCIB	**(230,135)**		**(668)**
Share options exercised	**75,000**		**248**
Balance at December 31, 2022	**48,352,731**	**$**	**136,019**

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. The Corporation purchased 1,781,790 Common Shares that were validly tendered for an aggregate cost of $6,682, which were cancelled and returned to treasury. As the SIB was outstanding at December 31, 2021, the Corporation had recognized a liability at December 31, 2021 for the full commitment of the SIB of $11,250, with the offset to share capital. During the year ended December 31, 2022, the Corporation settled the SIB liability and recognized the reduction in the number of Common Shares outstanding and derecognized $4,568 of the commitment for shares that were not tendered (see note 9).

Newton Acquisition

Upon completion of the Newton Acquisition, the Corporation issued 1,853,247 Common Shares (see note 12). These were valued at the closing trading price of the Corporation's Common Shares on February 28, 2022 of $3.84 per share. The Corporation recognized $19 of transaction costs directly attributable to the issuance of the Common Shares as an offset to share capital.

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 (see note 17).

NCIB

The Corporation implemented a 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. During the year ended December 31, 2022, the Corporation made repurchases under the NCIB of 230,135 at an average price of $2.90 per Common Share. The repurchased shares were cancelled and returned to treasury.

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 (see note 17).

Dividends

In April 2022, the Corporation implemented a quarterly dividend on its Common Shares. During the year ended December 31, 2022, the Corporation declared three quarterly dividends of $0.03 per Common Share, resulting in dividend payments of $4,362 (December 31, 2021—$nil).

17. SHARE-BASED PAYMENTS

The Corporation recorded total share-based payment recovery of $104 for the year ended December 31, 2022 (December 31, 2021—$1,107 expense). These amounts include share-based payment recovery related to the Corporation's RSUs of $93 (December 31, 2021—$879 expense), and $11 recovery related to the Corporation's PSOs for the year ended December 31, 2022 (December 31, 2021— $228 expense).

Share options

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

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

	Number of share options		Weighted average exercise price
Outstanding share options, December 31, 2021	75,000	$	3.00
Exercised	**(75,000)**		**3.00**
Outstanding share options, December 31, 2022	**-**	**$**	**-**

During the year ended December 31, 2022, the Corporation issued 75,000 Common Shares at a fair market value of $3.30 per Common Share, for share options exercised. The share options were exercised at $3.00 per Common Share, with the offset recognized to contributed surplus.

PSO plan

The Corporation's PSOs outstanding as of December 31, 2021 were issued to employees with an exercise price of $2.75 (the "Legacy PSOs"). Each Legacy PSO entitled the holder thereof to cash payments equal to the difference between the Legacy PSO price and the market price upon the exercise date. The Legacy PSOs had a five-year term and vested one-third on the first, second and third anniversary from the date of grant. At December 31, 2022, there were no Legacy PSOs outstanding (December 31, 2021—$335 liability).

During the year ended December 31, 2022, the Corporation issued 250,000 PSOs to certain Newton executives (in connection with the Newton Acquisition) with an exercise price of $3.85 (the "Newton PSOs"). Each Newton PSO entitles the holder thereof to cash payments equal to the difference between the PSO price and the market price upon the exercise date. The Newton PSOs have a three-year term and vest one-half on the first and second anniversary from the date of grant. At December 31, 2022 none of the Newton PSOs were in-the-money.

A summary of the PSO activity in the year is as follows:

Outstanding PSOs, December 31, 2021	295,000
Settled	**(295,000)**
Issued	**250,000**
Outstanding PSOs, December 31, 2022	**250,000**

During the year ended December 31, 2022, the Corporation settled 295,000 Legacy PSOs at a 5-day volume average weighted in-the-money price of $0.99 per PSO (December 31, 2021—nil).

RSU plan

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

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

Outstanding RSUs, December 31, 2021	657,040
Settled	**(364,866)**
Outstanding RSUs, December 31, 2022	**292,174**

The following table summarizes the outstanding RSUs as at December 31, 2022:

Grant date	Issued to	Vesting date	Outstanding RSUs		Liability at December 31, 2022
June 11, 2020	Directors	Immediately (1)	292,174	$	935

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

Warrants

The following table summarizes the warrants outstanding:

	Years to Maturity	Warrants Outstanding		Exercise price
Outstanding warrants, December 31, 2021	1.45	2,078,568	$	1.4375
Exercised	-	**(2,078,568)**		**1.4375**
Outstanding warrants, December 31, 2022	**-**	**-**	**$**	**-**

During the year ended December 31, 2022, the Corporation issued 2,078,568 Common Shares for warrants exercised. The warrants were exercised at a price of $1.4375, and the Common Shares were issued at a fair market value of $3.25 per Common Share, with the offset recognized in contributed surplus.

18. SEGMENTED INFORMATION

The Corporation's operating segments represent the components of the business whose operating results are reviewed regularly by the Corporation's chief operating decision makers, who are comprised of the Corporation's senior management. At December 31, 2022, the Corporation has two operating segments: the Core Business Operations segment and the Non-Core Business Asset Management segment.

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

The Non-Core Business Asset Management segment includes the Corporation's interest in the Non-Core Assets and the expenses, assets and liabilities associated with management of the Non-Core Assets, the Junior Credit Facility, and public company costs. Club16 income from equity-accounted investments is included up to the date of disposal on August 31, 2022 (see note 5).

As at December 31, 2022		Core Business Operations		Non-Core Business Asset Management		Consolidated
Cash and cash equivalents	**$**	**7,233**	**$**	**1,981**	**$**	**9,214**
Trade, other receivables and other assets		**14,296**		**1,176**		**15,472**
Equity-accounted investments		**1,725**		**6,054**		**7,779**
Right-of-use assets		**1,961**		**-**		**1,961**
Intangible assets		**125,306**		**-**		**125,306**
Goodwill		**60,437**		**-**		**60,437**
Capital and other assets		**3,338**		**430**		**3,768**
Total assets	**$**	**214,296**	**$**	**9,641**	**$**	**223,937**
Accounts payable and accrued liabilities	**$**	**25,308**	**$**	**1,262**	**$**	**26,570**
Lease obligations		**2,102**		**156**		**2,258**
Loans and borrowings		**32,288**		**4,382**		**36,670**
Deferred tax liability (asset)		**25,211**		**(10,874)**		**14,337**
Preferred Share liability		**110,160**		**-**		**110,160**
Other liabilities		**754**		**999**		**1,753**
Total liabilities	**$**	**195,823**	**$**	**(4,075)**	**$**	**191,748**

For the year ended December 31, 2022		Core Business Operations		Non-Core Business Asset Management		Consolidated
Revenue	**$**	**70,720**	**$**	**-**	**$**	**70,720**
Direct costs		**10,704**		**-**		**10,704**
General and administrative expenses		**26,971**		**2,778**		**29,749**
Share-based payments recovery		**-**		**(104)**		**(104)**
Depreciation and amortization		**3,966**		**19**		**3,985**
Finance expense		**1,530**		**825**		**2,355**
Finance expense on the Preferred Share liability		**2,397**		**-**		**2,397**
Income from equity-accounted investments		**(347)**		**(470)**		**(817)**
Other (income) expense		**(746)**		**4,204**		**3,458**
Income (loss) before tax	**$**	**26,245**	**$**	**(7,252)**	**$**	**18,993**

For the year ended December 31, 2022		Core Business Operations		Non-Core Business Asset Management		Consolidated
Cash flows provided by / (used in) operating activities	**$**	**20,840**	**$**	**(4,967)**	**$**	**15,873**
Cash flows (used in) / provided by investing activities		**(23,722)**		**32,822**		**9,100**
Cash flows used in financing activities		**(8,931)**		**(27,709)**		**(36,640)**
(Decrease) / increase in cash and cash equivalents	**$**	**(11,813)**	**$**	**146**	**$**	**(11,667)**

As at December 31, 2021		Core Business Operations		Non-Core Business Asset Management		Consolidated
Cash and cash equivalents	$	19,046	$	1,840	$	20,886
Trade, other receivables and other assets		18,179		113		18,292
Equity-accounted investments		1,526		26,991		28,517
Right-of-use assets		1,859		-		1,859
Intangible assets		121,429		-		121,429
Goodwill		60,437		-		60,437
Capital and other assets		2,142		363		2,505
Total assets	$	224,618	$	29,307	$	253,925
Accounts payable and accrued liabilities	$	33,714	$	13,170	$	46,884
Lease obligations		1,966		330		2,296
Loans and borrowings		6,018		30,448		36,466
Deferred tax liability (asset)		26,016		(14,239)		11,777
Preferred Share liability		118,460		-		118,460
Other liabilities		2,126		2,095		4,221
Total liabilities	$	188,300	$	31,804	$	220,104

For the year ended December 31, 2021		Core Business Operations		Non-Core Business Asset Management		Consolidated
Revenue	$	78,816	$	-	$	78,816
Direct costs		9,845		-		9,845
General and administrative expenses		23,984		2,363		26,347
Share-based payments expense		-		1,107		1,107
Depreciation and amortization		4,111		19		4,130
Finance expense		265		6,543		6,808
Finance expense on the Preferred Share liability		26,543		-		26,543
(Income) loss from equity-accounted investments		(781)		880		99
Other (income) expense		(978)		70		(908)
Income (loss) before tax	$	15,827	$	(10,982)	$	4,845

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

19. REVENUE

For the years ended December 31,		**2022**		2021
Franchising revenue, mortgage brokerage services	**$**	**58,884**	$	64,968
Newton revenues		**10,682**		12,901
Brokering of mortgages		**1,154**		947
	$	**70,720**	$	78,816

The Corporation may incur franchise agreement expenses prior to or concurrent with entering into franchise agreements, including payments to the franchisees. These costs are capitalized on an agreement basis and amortized over the same term as the agreement to which they relate. The amortization of these franchise payments is recognized against revenue. Revenue earned from contracts with customers earned over time, gross of the amortization of franchise payments, included in the above for the Core Business Operations is $73,520 for the year ended December 31, 2022 (December 31, 2021—$81,272). Revenues earned from contracts with customers not earned over time is $465 for the year ended December 31, 2022 (December 31, 2021—$260).

20. GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended December 31,		**2022**		2021
Salary and salary-related	**$**	**17,586**	$	16,689
Office, administration and property costs		**3,647**		3,572
Advertising, promotion and travel		**2,521**		1,432
Professional fees		**2,552**		1,257
Management and consulting fees		**2,900**		2,917
Other expenses		**543**		480
	$	**29,749**	$	26,347

21. FINANCE EXPENSE

For the years ended December 31,		**2022**		2021
Interest expense on debt obligations	**$**	**2,082**	$	5,067
Interest on lease obligations		**119**		134
Amortization of debt-issuance costs		**154**		1,607
	$	**2,355**	$	6,808

22. INCOME TAXES

Total income tax expense differs from the amount that would arise using the combined Canadian federal and provincial tax rate of 26.7% (2021—26.7%). Below is a reconciliation of income taxes calculated at the combined statutory rates to the tax expense recorded for 2022 and 2021:

For the years ended December 31,		2022		2021
Income before income tax	$	**18,993**	$	4,845
Income before income tax multiplied by the statutory rate of 26.7% (2021—26.7%)		**(5,071)**		(1,294)
Effect of:				
Permanent differences		**(24)**		(624)
Non-deductible finance expense on the Preferred Share liability		**(637)**		(7,090)
Change in tax rates and rate differences		**70**		241
Change in unrecognized temporary differences		**(206)**		1
Changes in non-recognized equity-accounting		**(766)**		-
Reserve for non-capital loss carry forward		**(209)**		14
Other		**136**		(36)
Total tax expense	**$**	**(6,707)**	$	(8,788)

During the year ended December 31, 2022, the Corporation added $4,440 non-capital losses to its Non-Core Business Asset Management segment's carry-forward balance and used $15,158 of its non-capital loss carry-forwards in its Core Business Operations segment. As at December 31, 2022, the non-capital losses and deferred tax asset within the Non-Core Business Asset Management segment were $39,033 and $10,428, respectively (December 31, 2021—$49,751 and $13,273). These tax losses expire between 2025 and 2040.

Deferred tax liabilities as at December 31, 2022 and 2021, consist of the following:

		December 31, 2022		December 31, 2021
Deferred tax liabilities				
Intangible assets	$	**(25,184)**	$	(25,889)
Right-of-use assets		**(521)**		(497)
		(25,705)		(26,386)
Deferred tax assets				
Recognized non-capital loss		**10,454**		13,291
Capital assets		**(11)**		(23)
Share capital issuance costs		**279**		759
Debt issuance costs		**11**		(19)
Lease liabilities, net of lease receivable		**588**		587
Other		**47**		14
		11,368		14,609
Net deferred tax liability	**$**	**(14,337)**	$	(11,777)

The deferred tax liability movement is comprised of:

		December 31, 2022		December 31, 2021
Balance, beginning of year	$	**(11,777)**	$	(26,261)
Deferred tax expense recognized in net income (loss)		**(2,560)**		(2,170)
Deferred tax asset reclassified to offset deferred tax liability		**-**		16,654
Net deferred tax liability	**$**	**(14,337)**	$	(11,777)

23. EARNINGS (LOSS) PER COMMON SHARE

For the years ended December 31,		2022		2021
Net earnings (loss) attributable to common shareholders	**$**	**12,061**	$	(5,508)
Basic weighted average number of Common Shares		**47,458,420**		46,578,984
Effect of dilutive securities:				
SIB		**-**		63,408
Diluted weighted average number of Commons Shares [(1)]		**47,458,420**		46,642,392
Basic earnings (loss) per Common Share	**$**	**0.25**	$	(0.12)
Diluted earnings (loss) per Common Share	**$**	**0.25**	$	(0.12)

As at December 31, 2022, there were no share options or lender warrants outstanding (December 31, 2021—75,000 share options and 2,078,568 lender warrants outstanding).

24. SUPPLEMENTAL CASH FLOW INFORMATION

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

For the years ended December 31,		2022		2021
Trade and other receivables	**$**	**3,927**	$	(4,013)
Prepaid expenses and deposits		**(1,607)**		87
Notes receivable		**233**		188
Accounts payable and accrued liabilities		**(8,962)**		11,712
Deferred contract liabilities		**(647)**		229
	$	**(7,056)**	$	8,203

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

Market risk

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

Interest rate risk

The Corporation is exposed to interest rate risk on its variable-rate loans and borrowings. A 1% increase in interest rates on variable-rate loans and borrowings would have resulted in an $485 decrease of income before tax for the year ended December 31, 2022 (December 31, 2021—$345 decrease).

Credit risk

Credit risk is the risk of financial loss to the Corporation if a counterparty to a financial instrument fails to meet its

contractual obligations. The Corporation's credit risk is mainly attributable to its cash and cash equivalents and trade and other receivables.

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

Our primary source of credit risk relates to the possibility of Core Business Operation's franchisees, agents, or other customers not paying receivables. Core Business Operations manages its credit risk by performing credit risk evaluations on its franchisees and agents, and by monitoring overdue trade and other receivables. As at December 31, 2022, $257 (December 31, 2021—$272) of our trade receivables are greater than 90 days outstanding, and the provision for total expected credit losses as at December 31, 2022 is $330 (December 31, 2021—$410). A decline in economic conditions, or other adverse conditions experienced by franchisees and agents, could impact the collectability of the Corporation's accounts receivable.

The Corporation also has a source of credit risk related to the note receivable from the Sale of Club16 (see note 5). The Corporation has managed its credit risk through mandatory monthly payments, commencing on August 31, 2023. 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 approximates the carrying value of the assets on the Corporation's consolidated statements of financial position.

	December 31, 2022	December 31, 2021
Cash and cash equivalents	**$ 9,214**	$ 20,886
Trade, other receivables and other assets	**14,232**	18,292
Notes receivable	**1,350**	343
	$ 24,796	$ 39,521

Liquidity risk

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

As at December 31, 2022, contractual cash flow obligations and their maturities were as follows:

	Contractual cash flow	Within 1 year	Within 5 years	Thereafter
Accounts payable and accrued liabilities	$ 26,570	$ 26,570	$ -	$ -
Lease obligations [1]	1,472	602	804	66
Loans and borrowings [2]	36,989	4,662	32,327	-
Preferred share liability [3]	110,447	6,190	36,907	67,350
Long-term liabilities	70	-	70	-
	$ 175,548	$ 38,024	$ 70,108	$ 67,416

(1) Undiscounted lease payments.
(2) Gross of debt issuance costs.
(3) Gross of transaction costs. Discounted estimated future Dividend Entitlements.

Capital management

The Corporation's capital structure is comprised of total shareholders' equity and loans and borrowings, less cash and cash equivalents. The following table summarizes the carrying value of the Corporation's capital at December 31, 2022, and December 31, 2021.

		December 31, 2022		December 31, 2021
Loans and borrowings	**$**	**36,670**	$	36,466
Less: cash and cash equivalents		**9,214**		20,886
Net loans and borrowings	**$**	**27,456**	$	15,580
Shareholders' equity	**$**	**31,958**	$	31,740

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

The Corporation is not subject to any externally-imposed capital requirements other than certain restrictions under the terms of its loans and borrowing agreements. The Corporation is in compliance with all externally-imposed capital requirements as at December 31, 2022 (see note 13).

Determination of fair value

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

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

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

			Fair value as at December 31, 2022					
		Carrying value		Quoted prices in active markets for identical assets (Level 1)		Significant other observable inputs (Level 2)		Significant unobservable inputs (Level 3)
Financial assets								
Investments	**$**	**246**	**$**	**-**	**$**	**-**	**$**	**246**
Financial liabilities								
Loans and borrowings		**(36,670)**		**-**		**(36,670)**		**-**

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

The fair value of trade, other receivables and other assets, notes receivable, accounts payable and accrued liabilities approximate their carrying value due to the short-term nature of these financial instruments. As at December 31, 2022 management has determined that the far value of its loans and borrowings approximate their carrying value. The majority of the loans and borrowings are subject to floating interest rates, and the Corporation's credit risk profiles have not significantly changed since obtaining each of the facilities.

26. COMMITMENTS AND CONTINGENCIES

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 expired in January 2023.

Service agreement

The Core Business Operations entered into an agreement with a software development company to develop and support a customized mortgage application ("app"). The agreement is a related party transaction due to common management between the Corporation and the service provider (see note 27). 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 consolidated financial statements. During the year ended December 31, 2022, the Corporation incurred an increase in professional fees of $1,295 compared to the year ended December 31, 2021 primarily from elevated legal costs and expenses associated with the stay of a 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 between 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 alleged that Benesure was an unlicensed insurer and that the Core Business Operations was liable for distributing the MPP product through the DLC Group's network. The Corporation was 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 was appealed. In January 2022, the Court of Appeal for British Columbia dismissed the 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 financial statements for the year ended

December 31, 2022 (December 31, 2021—$nil).

27. RELATED PARTY TRANSACTIONS

Core Business Operations

Property leases

Core Business Operations leases office space from related companies controlled by Chris Kayat and Gary Mauris, who are key members of the Corporation's management. During the year ended December 31, 2022, the total costs incurred under these leases was $323 (December 31, 2021—$383). The lease terms mature in 2025.

Core Business Operations leases a two-bedroom condo in Toronto from a related company controlled by Chris Kayat and Gary Mauris, who are key members of the Corporation's management. During the year ended December 31, 2022, the total costs incurred under this lease was $84 (December 31, 2021—$84). The lease term matures in 2025.

The expenses related to these leases are recorded in interest and depreciation and amortization expenses and are paid monthly.

Administrative services

The Core Business Operations has entered into an agreement with a software development company to develop and support a customized mortgage app which is owned by key management of the Core Business Operations (Chris Kayat and Gary Mauris). Total fees charged for services under this agreement for the year ended December 31, 2022 were $1,111 (December 31, 2021—$975).

Newton Acquisition

On February 28, 2022, the Corporation completed the Newton Acquisition for an aggregate purchase price of $24,000. 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 $18,000. As part of the Club16 Purchase Price, the Corporation received a Promissory Note that has been recognized for the current fair value as at December 31, 2022 of $1,238.

Other

The Corporation has entered into an agreement with the non-controlling shareholder of Impact (Keith Kostek). The agreement is related to liquidation rights, and if a liquidation event occurs, the Corporation has a possible commitment to pay $1,000 to this shareholder. As at December 31, 2022, a liability has been recognized for the current fair value of the liability of $1,000 (December 31, 2021—$1,000).

Key management compensation

During the year ended December 31, 2022, $329 was paid to the Board of Directors included within general and administrative expenses (December 31, 2021—$114).

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

For the years ended December 31,		**2022**		2021
Salaries and benefits	**$**	**7,093**	$	6,927
Share-based payments		**710**		633
	$	**7,803**	$	7,560

28. SUBSEQUENT EVENTS

Automatic share purchase plan

On January 4, 2023, the Corporation entered into an automatic share purchase plan ("ASPP") agreement with its designated broker (the "Broker") in order to facilitate the purchases of its Common Shares under its NCIB. Under the ASPP agreement, 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 ASPP is effective January 4, 2023 to April 3, 2023, and directs the Broker to repurchase up to an aggregate of 100,000 Common Shares, up to a maximum aggregate purchase price of $300.

Dividends

On February 15, 2023, the Board of Directors of the Corporation declared a cash dividend of $0.03 per Common Share. The dividend was paid on March 15, 2023 to shareholders on record as of March 1, 2023.