



**DOMINION LENDING CENTRES INC.**

**ANNUAL INFORMATION FORM**

**For the financial year ended December 31, 2023**

**Dated March 19, 2024**

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## PRELIMINARY NOTES

Throughout this annual information form ("**AIF**"), Dominion Lending Centres Inc. is referred to as the "**Corporation**". All information contained herein is as at March 19, 2024, unless otherwise stated. All dollar amounts set forth in this AIF are in Canadian dollars, unless otherwise stated. Words importing the singular number only include the plural and vice versa and words importing any gender include all genders.

## GLOSSARY OF TERMS

"**ABCA**" means the *Business Corporations Act* (Alberta);

"**AIF**" means this annual information form;

"**Board**" means the board of directors of the Corporation;

"**CDC**" means Core Business Distributable Cash;

"**Club16**" means, collectively, Club16 Limited Partnership (a limited liability partnership formed pursuant to the laws of British Columbia) and Club16 GP Ltd. (the sole general partner of the limited partnership);

"**Common Shares**" means the class A voting common shares in the capital of the Corporation;

"**Core Business Distributable Cash**" has the meaning ascribed to such term in the Preferred Shares and generally reflects the cash flow from the Core Business Operations;

"**Core Business Operations**" means the operations of the Corporation excluding the Non-Core Assets and the reporting issuer functions of the Corporation;

"**Corporation**" means Dominion Lending Centres Inc., a corporation subsisting under the ABCA;

"**CRA**" means Canada Revenue Agency;

"**DLC**" or the "**DLC Group**" means, collectively, the Corporation, MCC, MA, Newton, Media and their affiliates;

"**DLC Acquisition**" means the acquisition completed by the Corporation on December 31, 2020, whereby the Corporation acquired all of the limited partnership units of DLC LP that it did not already own, for 26,774,054 Preferred Shares of the Corporation;

"**DLC Group Franchisees**" or "**Franchisees**" means those mortgage brokers that are franchisees of the DLC Group;

"**DLC LP**" means Dominion Lending Centres Limited Partnership, the legal entity which held the DLC Group before being wound-up effective January 1, 2021;

"**DLC Purchase Agreement**" means the purchase and sale agreement dated October 5, 2020 among the Corporation, KayMaur and certain other vendors which provides for the DLC Acquisition and the Inversion Rights Termination Transaction;

"**Impact**" means Cape Communications International Inc., operating as Impact Radio Accessories;

**"Inversion Rights"** means the rights set out in the limited partnership units of DLC LP that entitled KayMaur and certain other holders to a disproportionate share of free cash flow above a set threshold amount;

**"Inversion Rights Termination Consideration"** means an amount equal to \$15,000,000, comprised of a cash payment of \$7,500,000 and 4,285,714 Common Shares (valued at \$1.75 per share);

**"Inversion Rights Termination Transaction"** means the transaction between the Corporation, KayMaur and the other vendors whereby the Corporation paid the Inversion Rights Termination Consideration in exchange for the termination of the Inversion Rights;

**"Investors Rights Agreement"** means the agreement dated December 31, 2020 among the Corporation and the Preferred Shareholders which provides for certain governance matters relating to the Corporation;

**"KayMaur"** means KayMaur Holdings Inc., an entity beneficially owned and controlled by Gary Mauris and Chris Kayat (both of whom are executive officers of the Corporation and founders of the DLC Group);

**"MA"** means MA Mortgage Architects Inc., a wholly-owned subsidiary of the Corporation;

**"MCC"** means MCC Mortgage Centre Canada Inc., a wholly-owned subsidiary of the Corporation;

**"Media"** means Dominion Media Corp., a wholly-owned subsidiary of the Corporation;

**"Newton"** means Newton Connectivity Systems Inc., a wholly-owned subsidiary of Newton Holdco;

**"Newton Acquisition"** means the acquisition completed by the Corporation on February 28, 2022 pursuant to the Newton Purchase Agreement, whereby the Corporation acquired the remaining 30% interest in Newton Holdco that it did not already own in exchange for \$16,865,000 cash and 1,853,247 Common Shares;

**"Newton Holdco"** means 10017078 Canada Inc., a wholly-owned subsidiary of the Corporation (100% ownership since February 28, 2022, 70% ownership prior thereto);

**"Newton Purchase Agreement"** means the purchase and sale agreement dated February 15, 2022 among the Corporation, Next4 Holdings Inc. and certain others which provides for the Newton Acquisition;

**"Non-Core Assets"** means the Corporation's ownership interest in Impact;

**"Old FAC"** or **"FAC"** means Founders Advantage Capital Corp. prior to its amalgamation with DLC Inc. on January 1, 2021;

**"Old DLC Inc."** or **"DLC Inc."** means Dominion Lending Centres Inc. prior to its amalgamation with FAC on January 1, 2021;

**"Option"** means a stock option issued pursuant to the Option Plan, with each such option being exercisable for one Common Share upon payment of the applicable exercise price;

**"Option Plan"** means the rolling 10% stock option plan of the Corporation as approved by Shareholders;

**"Preferred Shares"** means the non-voting and non-convertible series 1, class B preferred shares in the capital of the Corporation;

"**Preferred Shareholders**" means the holders of Preferred Shares;

"**RSU**" means a restricted share unit issued pursuant to the RSU Plan, with each unit entitling the holder thereof to be paid the cash equivalent of one Common Shares without the payment of any additional amount or exercise price;

"**RSU Plan**" means the restricted share unit plan of the Corporation dated April 23, 2019;

"**Sagard**" means Sagard Holdings Manager LP;

"**Sagard Credit Facility**" means the credit facility agreement between the Corporation and Sagard, dated May 31, 2017, as amended and restated as at January 1, 2021, whereby Sagard agreed to provide the Corporation with a senior secured credit facility (which credit facility was refinanced by the TD Credit Facility on December 22, 2021);

"**Shareholders**" means the holders of the Common Shares;

"**Tax Act**" means the *Income Tax Act* (Canada);

"**TD**" means The Toronto-Dominion Bank;

"**TD Credit Facility**" means the credit facility agreement between the Corporation and TD dated December 22, 2021 as amended and restated on December 19, 2023, as amended, whereby TD agreed to provide the Corporation with a senior secured credit facility;

"**TSX**" means the Toronto Stock Exchange; and

"**TSXV**" means the TSX Venture Exchange.

#### **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

Certain statements in this document constitute forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate," "believe," "estimate," "will," "expect," "plan," "intend," or similar words suggesting future outcomes or an outlook. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking information in this document includes, but is not limited to:

- the growth outlook for DLC, including further development of financial technology products by Newton;
- the expectation that DLC will increase its organic market share and that it will achieve growth on the number of mortgages funded annually;
- the belief that as increased interest rates and more mortgage regulations make borrowing more difficult, more Canadians will use mortgage brokers to assist them in securing a mortgage;
- the intent of DLC to continue to add additional Franchisees to its network of mortgage brokers;
- the expectation that additional DLC Group brokers will adopt Newton's connectivity solutions; and
- mortgage brokers increasing their market share of the total Canadian mortgage market.

Such forward-looking information is necessarily based on a number of estimates and assumptions, including material estimates and assumptions, related to the factors identified below that, while considered reasonable by the Corporation as at the date of this AIF in light of management's experience and perception of current conditions and expected developments, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and undue reliance should not be placed on such statements and information. Such factors include, but are not limited to:

- changes in health outbreaks and impacts on market conditions;
- the Corporation's ability to obtain financing on acceptable terms or at all;
- the performance of the DLC Group in line with the Corporation's expectations;
- the continuation of existing Canadian mortgage lending and mortgage brokerage laws; and
- the absence of material decreases in the aggregate Canadian mortgage lending business.

Many of these uncertainties and contingencies can affect our actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, us. Readers are cautioned that forward-looking statements are not guarantees of future performance. All forward-looking statements made in this AIF are qualified by these cautionary statements. The foregoing list of risks is not exhaustive. For more information relating to risks, see the section titled "Risk Factors" herein. The forward-looking information contained in this document is made as of the date hereof and, except as required by applicable securities law, the Corporation undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

#### **NON-IFRS MEASURES**

EBITDA for the Corporation is defined as earnings before interest, taxes, depreciation and amortization. While EBITDA is not a recognized measure under IFRS, management believes that EBITDA is a useful supplemental measure as it provides management and investors with an insightful indication of the performance of the corporate office and our investees.

Investors should be cautioned, however, that EBITDA should not be construed as an alternative to a statement of cash flows as a measure of liquidity and cash flows. The methodologies we use to determine EBITDA may differ from those utilized by other issuers or companies and, accordingly, EBITDA as used in this AIF may not be comparable to similar measures used by other issuers or companies. Readers are cautioned that EBITDA should not be construed as an alternative to net loss or income determined in accordance with IFRS as indicators of an issuer's performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows. Please see the Corporation's Management's Discussion and Analysis for the year ended December 31, 2023 for a reconciliation of EBITDA to its nearest IFRS measure.

#### **COVID-19**

On March 11, 2020 the World Health Organization ("**WHO**") declared the COVID-19 outbreak a pandemic (the "**Pandemic**" or "**COVID-19**"). As a result, all levels of government in Canada did implement public health measures including social distancing. COVID-19 has not had a negative material impact on the DLC Group.

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

## **CORPORATE STRUCTURE**

### **Names and Incorporation**

The Corporation's name is "Dominion Lending Centres Inc.". The registered office of the Corporation is located at 3500 Bankers Hall East, 855 – 2<sup>nd</sup> Street S.W., Calgary, Alberta. The head office of the Corporation is located at 2215 Coquitlam Avenue, Port Coquitlam, BC, V3B 1J6.

The Corporation is a reporting issuer in the Provinces of Alberta, Ontario and British Columbia. Since February 3, 2022, the Common Shares have been listed on the TSX under the symbol "DLCG" (prior thereto the Common Shares were listed on the TSXV).

### **Corporate History**

The Corporation was incorporated as "Brilliant Mining Corp." pursuant to the ABCA on October 1, 1998.

By articles of amendment filed on July 30, 2001, the Corporation amended its articles by changing its authorized share capital to an unlimited number of Common Shares and an unlimited number of Preferred Shares.

By articles of amendment filed on May 29, 2009, an arrangement involving the Corporation and the Shareholders was affected and the Common Shares were consolidated pursuant to the arrangement on the basis of two Common Shares on a pre-consolidation basis for every one Common Share on a post-consolidation basis.

By articles of amendment filed on November 23, 2011, the Corporation changed its name from "Brilliant Mining Corp." to "Brilliant Resources Inc."

The Corporation underwent a change of business from a junior resource company to an investment issuer that was approved by Shareholders on June 25, 2015 and changed its name to "FCF Capital Inc." by articles of amendment filed on June 25, 2015. The Corporation began trading as a Tier 2 investment issuer on the TSXV on June 29, 2015 and graduated to Tier 1 of the TSXV on December 29, 2015.

By articles of amendment filed on May 16, 2016, the Corporation changed its name from "FCF Capital Inc." to "Founders Advantage Capital Corp."

By articles of amendment filed on May 18, 2016, the Corporation consolidated its issued and outstanding Common Shares on the basis of fifteen (15) Common Shares on a pre-consolidation basis for every one Common Share on a post-consolidation basis. All Common Share amounts referenced herein are reported on a post-consolidation basis.



By articles of amendment dated November 6, 2020, the Corporation amended its articles to create the Preferred Shares.

By articles of amalgamation dated January 1, 2021, the Corporation amalgamated with Dominion Lending Centres GP Inc. to form "Founders Advantage Capital Corp.".

By articles of amalgamation dated January 1, 2021, the Corporation amalgamated with Dominion Lending Centres Inc. to form "Dominion Lending Centres Inc.".

### Intercorporate Relationships

The chart below sets out the material subsidiary entities of the Corporation that comprise the Core Business Operations and the Non-Core Assets (we have not included entities that represent less than 10% of the consolidated assets and revenue of the Core Business Operations).

Parent Entity	Subsidiary Entity	Ownership %	Subsidiary Governing Legislation
<u>Core Business Operations</u>			
Dominion Lending Centres Inc.	MCC Mortgage Centre Canada Inc.	100%	British Columbia
	MA Mortgage Architects Inc.	100%	Canada
	10017078 Canada Inc.	100%	Canada
10017078 Canada Inc.	Newton Connectivity Systems Inc.	100%	Canada
<u>Non-Core Assets</u>			
Dominion Lending Centres Inc.	Cape Communications International Inc.	52%	British Columbia

## GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History

On December 31, 2020, the Corporation completed the DLC Acquisition and Inversion Rights Termination Transaction and completed a corporate reorganization to focus on the Core Business Operations. Prior to the DLC Acquisition, the Corporation had been an investment issuer (operating as FAC since February 2016), during which time it completed four investments in DLC Inc., Impact, Club16 (subsequently sold on August 31, 2022) and Astley Gilbert (subsequently sold on September 30, 2019). The Corporation's investment in the DLC Group was the Corporation's largest and most successful investment.

#### 2023

On May 16, 2023, the Federal Court of Canada granted a court order requiring the Corporation to produce certain documents, records and data in connection with an inquiry by the Competition Bureau. As noted in the Competition Bureau's press release dated May 19, 2023: "The order, granted by the Federal Court of Canada on May 16, 2023, requires DLC to produce records and written information that are relevant to the Bureau's investigation. There is no conclusion of wrongdoing at this time." The Corporation did comply with the order and provided all applicable documents, records and data prior to the August 16, 2023 deadline.

On May 25, 2023, the Corporation implemented a normal course issuer bid ("NCIB") commencing on May 29, 2023 and ending on May 28, 2024. During the fiscal year ended December 31, 2023, the Corporation acquired and cancelled an aggregate of 125,493 Common Shares pursuant to the NCIB.

Effective November 7, 2023, the Corporation announced the following management changes:

- Geoff Hague was appointed Chief Financial Officer of the Corporation (previously Co-Chief Financial Officer); and
- Robin Burpee, Co-Chief Financial Officer, was departing effective November 20, 2023.

Effective December 7, 2023, the Corporation announced the following management changes:

- Eddy Coccioallo was appointed President of the Corporation (previously Co-President);
- James Bell was appointed Executive Vice President, Corporate and Chief Legal Officer (previously Co-President);
- Dave Teixeira was appointed Executive Vice President, Operations (previously Executive Vice President, Business Development and Public Affairs); and
- Dong Lee, Chief Operating Officer, resigned effective February 14, 2024.

On December 19, 2023, the Corporation entered into the amended and restated TD Credit Facility to extend the maturity date to December 19, 2026.

## 2022

On August 31, 2022, the Corporation completed the sale of its 58.4% interest in Club16 for aggregate gross proceeds of \$18.0 million (comprised of a cash payment of \$16.5 million and a non-interest bearing promissory note for \$1.5 million). The promissory note is to be paid in 24 equal monthly payments of \$62,500, with the first monthly payment commencing on August 1, 2023. The Corporation used the cash proceeds from the sale to repay corporate debt.

On May 24, 2022, the Corporation implemented a normal course issuer bid (“NCIB”) commencing on May 27, 2022 and ending on May 26, 2023. During the fiscal year ended December 31, 2022, the Corporation acquired and cancelled an aggregate of 230,135 Common Shares pursuant to the NCIB.

On April 13, 2022, the Corporation implemented a quarterly dividend with respect to its Common Shares. The Corporation has paid a quarterly dividend of \$0.03 per share on each of June 15, 2022, September 15, 2022, December 15, 2022, March 15, 2023, June 15, 2023, September 15, 2023, December 15, 2023 and March 15, 2024.

On February 28, 2022, the Corporation completed the Newton Acquisition, whereby it acquired the 30% of Newton Holdco that it did not already own in exchange for \$16,865,000 cash and 1,853,247 Common Shares at a deemed value of \$3.85 per Common Share.

On February 1, 2022, the Corporation received final approval to graduate from the TSX Venture Exchange to the Toronto Stock Exchange. The Common Shares commenced trading on the TSX on February 3, 2022.

## 2021

On December 22, 2021, the Corporation entered into the TD Credit Facility and repaid all amounts outstanding under the Sagard Credit Facility.

On November 29, 2021, the Corporation launched a substantial issuer bid (the “SIB”), whereby it offered to acquire up to 3,000,000 Common Shares at a price of \$3.75 per share. The SIB closed on January 11, 2022 and the Corporation acquired and cancelled an aggregate of 1,781,790 Common Shares at a total cost of \$6,681,713.

On January 13, 2021, the Corporation implemented an NCIB commencing on January 18, 2021 and ending on January 17, 2022. During the fiscal year ended December 31, 2021, the Corporation acquired and cancelled an aggregate of 296,100 Common Shares pursuant to the NCIB.

The Corporation amalgamated with Dominion Lending Centres Inc. on January 1, 2021 and the combined entity now operates as Dominion Lending Centre Inc. Effective January 8, 2021, the Common Shares commenced trading on the TSXV under the symbol "DLCG" (the Common Shares commenced trading on the TSX on February 3, 2022 and ceased trading on the TSXV on the same date).

Effective January 1, 2021, the Corporation completed the following management changes:

- Gary Mauris became the Chief Executive Officer and Executive Chairman;
- Chris Kayat became the Executive Vice-Chairman;
- James Bell and Eddy Coccioallo were each appointed Co-President of the Corporation. Mr. Bell is responsible for legal matters, public company operations and management of Non-Core Assets while Mr. Coccioallo is responsible for DLC Group mortgage origination operations.
- Robin Burpee and Geoff Hague were each appointed Co-Chief Financial Officer of the Corporation. Ms. Burpee is responsible for public company and Non-Core Asset financial management while Mr. Hague is responsible for financial management of the DLC Group mortgage origination operations.

#### *Significant Acquisitions*

The Corporation did not complete any "significant acquisitions" (as defined by applicable securities laws) during the financial year ended December 31, 2023.

### **DESCRIPTION OF THE BUSINESS**

The Corporation is a Canadian mortgage brokerage franchisor and data connectivity provider. The DLC Group includes the Corporation and its three main subsidiaries being, MCC, MA and Newton. The DLC Group has operations in all 10 provinces in Canada.

Following the completion of the DLC Acquisition on December 31, 2020, the Corporation has operated as "Dominion Lending Centres Inc." and focused on the mortgage origination business and operations of the DLC Group. The Corporation will continue to hold its interests in the Non-Core Assets, but management will focus on DLC's business and operations for the foreseeable future.

Gary Mauris and Chris Kayat started DLC in 2006 and have since grown the DLC Group to become one of Canada's leading mortgage franchise system originating over \$56 billion in mortgages in 2023.

#### **The DLC Group**

The mortgage broker franchise business of DLC is carried on under the "Dominion Lending Centres", "Mortgage Architects" and "The Mortgage Centre" brands. The mortgage brokerage industry software and service business is carried on under the name "Newton Connectivity Systems".

#### *Dominion Lending Centres Inc.*

Dominion Lending Centres Inc. has offered and engaged in the mortgage brokerage business as a franchisor since January 2006. DLC is the franchisor for the mortgage brokerage business that engages in business under the trade names "Dominion Lending Centres" and "Dominion Lending".

As at December 31, 2023, Dominion Lending Centres Inc. has 197 Franchisees.

*MA Mortgage Architects Inc.*

MA Mortgage Architects Inc. has offered and engaged in the mortgage brokerage business as both a registered brokerage and a franchisor since December, 2015; however, it acquired its mortgage brokerage business and all of its staff from Mortgage Architects Inc. on December 31, 2015, which ran the business since 2006 and offered franchises associated with the business since April 1, 2012. MA is the registered brokerage and franchisor for the mortgage brokerage business that engages in business under the trade name "Mortgage Architects".

As at December 31, 2023, MA has 207 Franchisees and brokerage teams.

*MCC Mortgage Centre Canada Inc.*

MCC Mortgage Centre Canada Inc. has offered and engaged in the mortgage brokerage business as a franchisor since June, 2013; however, it acquired its mortgage brokerage business and all of its staff from CIBC Mortgages Inc. on June 24, 2013 (CIBC Mortgages Inc. having acquired the business from FirstLine Trust on October 31, 1995). MCC is the franchisor for the mortgage broker business that engages in business under the name "The Mortgage Centre".

As at December 31, 2023, MCC has 138 Franchisees.

*Newton Connectivity Systems Inc.*

Newton Holdco, which is a wholly-owned subsidiary of the Corporation, acquired a 100% interest in Newton on December 13, 2016. Newton is a corporation formed by the amalgamation of Plexus Systems Design Ltd. and Marlborough Stirling (Canada) Holdings Ltd. on January 31, 2001. Plexus Systems Design Ltd. was incorporated on July 25, 1985 and Marlborough Stirling (Canada) Holdings Ltd. was incorporated on September 21, 2000 both under the provincial laws of British Columbia. On May 16, 2003, the company filed a continuation of business under the Canada Business Corporations Act changing its legal jurisdiction to Canada. On February 1, 2017, the Company changed its name to Newton Connectivity Systems Inc.

Newton is a financial technology company and provides software and services to the Canadian mortgage lending industry under the following product lines: Velocity, Link and Isaac. Velocity offers web-based mortgage origination functionality designed specifically for mortgage brokers. Velocity connects mortgage brokers to lenders. Link is a data exchange system that connects Velocity and other third-party solutions to deliver direct application connectivity to lenders and industry partners. Isaac is a multi-channel data capture software that allows for the processing of mortgage applications (including underwriting, risk assessment, offer production and funds disbursement).

Newton provides end-to-end services to automate the entire mortgage application, approval, underwriting and funding process; and additional services to provide brokers with the management of daily operations and access to data resources.

The operating platform provides services through various lender and broker facing products. Lender facing products provide encrypted exchange networks to connect brokers with lenders and third parties. These include web-based services connecting brokers on Velocity to lenders and third-party suppliers, which allow for direct submission of mortgages to lenders and underwriting platforms to deliver digital credit applications from brokers to lenders. Broker facing products automatically manage all the revenue and distributions to brokers through Velocity; with additional services to match lender-verified products to a

client's criteria and automation of the payroll process. Further, Newton provides services to third-party users through the Velocity platform, ranging from consumer credit reports to borrower banking information.

Newton is one of two leading providers of a connectivity platform between Canadian lenders and mortgage brokers. Newton earns revenues from three streams: fees paid by Canadian lenders based on funded volumes of mortgages; monthly subscription fees from non-DLC Group brokers; and third-party supplier fees on a transaction basis. Historically, a single competitor has dominated the lender connectivity marketplace and Newton has held had a smaller percentage of the marketplace. DLC anticipates it can increase Newton's market share by having more DLC Group mortgage brokers use the Newton platform.

The DLC Group has grown its broker adoption of Newton during the year ended December 31, 2023. The increase in the DLC Group's brokers adopting Newton has contributed to the increase in Newton funded mortgage volumes.

Newton had entered into an agreement with a third-party connectivity provider (the "**Host**"), whereby Newton was obligated to fund a minimum annual funded mortgage volume through the Host's connectivity platform. The agreement with the Host expired at the end of June 2022. With the expiration of the agreement, most of Newton's volumes are now sent direct to lenders using Newton's own connectivity bridges.

### **The Canadian Mortgage and Mortgage Brokerage Industry**

According to the Bank of Canada, as at December 31, 2023, Canada's chartered banks held over \$1.5 trillion of residential mortgages (which amount does not include mortgages held by provincially-regulated entities such as credit unions or mortgage investment corporations). Mortgage lenders typically offer a range of products, with options for fixed or variable rates, varying terms and amortization periods, as well as differing ancillary terms for pre-payments, incentives or other matters. Interest rates are typically renegotiated every five (5) years (on average).

While mortgage lenders post both fixed and variable interest rates at which the lender offers mortgages of varying terms, typically most lenders are willing to negotiate interest rates lower than those posted, a practice referred to as "discounting". The practice began in Canada in the early 1990s and is considered the norm in today's mortgage market. The practice of discounting permits mortgage lenders to improve their ability to price discriminate and offer different rates to different borrowers based on their willingness to pay. Price discrimination allows lenders to increase their profits through negotiating different rates with individual borrowers instead of offering a blanket reduction in rates.

The advent of price discrimination in the Canadian mortgage market has increased the importance of the mortgage broker in the lending negotiation process. In return for a fee (normally paid by the lending institution), the mortgage broker is typically able to negotiate a better rate than the consumer, or to efficiently reduce the time and effort required to be applied by the consumer to achieve similar results.

Mortgage brokers are provincially regulated and subject to training and licensing requirements. See "Government Regulation" for details. However, there are relatively few barriers to entry in the mortgage brokerage market. Nevertheless, the ability of a given mortgage broker to erode lender price discrimination and secure rates at the lower end of the range at which lenders are prepared to lend is dependent upon a number of factors. While experience and negotiating ability are relevant factors, a key factor in the potential success of a mortgage broker in securing advantageous rates is the bargaining power of the mortgage broker, which varies directly with the volume of mortgages the broker is able to place with lenders.

## **DLC Target Market**

DLC's overall aim has been to increase organic (non-acquisition related) market share and to achieve growth on the number of mortgages funded annually. In an effort to accomplish its growth goals, DLC maintains a consistent, concentrated focus on recruiting mortgage brokerages and agents. DLC has employed a significant number of recruiters which has resulted in more rapid growth than most of its competitors. Secondly, with ongoing concentrated efforts towards recruiting, it has allowed DLC to better know the competitive models that exist and also to continually enhance the DLC offerings in the most effective way to recruit and retain agents. DLC's aim has always been to have the leading model on which to recruit mortgage brokers and agents, based on offering them a superior value-proposition. DLC's largest opportunity regions are in Ontario and Quebec.

## **Mortgage Brokerage Market Conditions**

After sitting at a record low of 0.25% for two years during the global pandemic, the Bank of Canada started raising its overnight lending rate in March 2022 in an effort to combat inflation which was approaching multi-decade highs. From March, 2022 until December 31, 2023, the Bank of Canada raised rates nine times and the current overnight rate sits at 5.0% (with a corresponding prime lending rate of 7.2%). The Bank of Canada's interest rate policy has a strong impact on the rate at which all Canadian lenders will lend money to consumers and businesses, which also impacts funded volumes for mortgage brokers. Higher interest rates may impact mortgage affordability for Canadian consumers with renewing mortgages in 2024, onward, as mortgage qualification will be based on the current elevated interest rate environment. Further, the elevated interest rate environment may create housing demand-side pressures as qualification for new mortgage applications will be based on the current interest rate environment. From a housing supply-side perspective, higher rates may continue to place downward pressure on home values in particular markets in Canada, causing sellers to potentially slow down or pause any sale efforts, thereby limiting overall inventory in Canada. The Canadian Real Estate Associate ("CREA") is forecasting Canadian home sales to increase by 9.0% in 2024 from 449,614 units to 490,257 units, primarily due to expected decreases in interest rates in the later half of 2024. An increase in overall home sales coupled with a decrease in the interest rate environment may impact funded volumes for mortgage brokers in 2024 given the aforementioned operating environment.

Effective January 1, 2018, the Office of the Superintendent of Financial Institutions Canada (OSFI) adopted Guideline B-20 - Residential Mortgage Underwriting Practices and Procedures. The revised Guideline applies to all federally-regulated financial institutions. The changes to Guideline B-20 reinforce OSFI's expectation that federally-regulated mortgage lenders remain vigilant in their mortgage underwriting practices. As Guideline B-20 made mortgage borrowing more difficult for many Canadians, management believes more Canadians turned to mortgage brokers to help navigate the complex rules.

Management of DLC expects that mortgage brokers will increase their market share in the coming years due to the following factors:

- *Interest Rates Have Increased Significantly:* Interest rates have increased significantly in 2022, representing a material departure from the historical low rate environment that had existed for many years prior. In a higher interest rate environment, DLC anticipates that a growing proportion of consumers would likely shop for the best mortgage opportunities, driving the more conservative "single-bank" mortgage consumers to use mortgage brokers.
- *Immigration:* According to the Federal Minister of Immigration's 2023 Annual Report on Immigration, "437,000 new permanent residents, along with over 604,000 temporary workers, were admitted and helped to fill job vacancies in health care, the trades, and the technology sector, and

helped rebalance our country's aging population" in fiscal 2023. As immigrants and temporary workers move to Canada, they increase the housing demand. Many of these new Canadians may turn to a mortgage broker for assistance.

- *Mortgage regulations:* Mortgage regulations have become more stringent in recent years, affecting the number of individuals that can qualify for conventional bank mortgages. As a result, these individuals are turned away from the banks and seek out mortgage brokers for assistance in obtaining a mortgage.
- *Additional Offerings:* As mortgage brokers are provided new products to offer, mortgage brokers will tend to appeal to a larger demographic / population base and also retain clients more effectively.
- *Conditioning & Habits:* Twenty years ago, only a minimal percentage of the Canadian population used mortgage brokers, as brokers were viewed generally as a last resort to obtaining a mortgage. Over the years, this perception has shifted, and Canadians are now using mortgage brokers to obtain better mortgage rates and to save money. Home buyers who used a mortgage broker will likely use one in the future. The generation that was reaching a home-buying age when brokers had little or no market share is aging and continually being replaced by younger, mortgage broker friendly Canadians.
- *The Complexity of Mortgages:* Many consumers are not sufficiently financially literate to ask the right questions when applying for a loan at a bank. As financial products become more complicated, more Canadians seek assistance to understand the complexities and alternatives.
- *Increased Broker Business Sophistication:* As mortgage broker business sophistication increases, we expect the volume of renewal business funded by mortgage brokers to increase.
- *Technology:* Utilizing Newton and other available technology, mortgage brokers have the ability to more seamlessly accept client demographic and credit information to quickly and efficiently disseminate credit applications to various lenders across Canada. Further, consumers have adopted virtual conferencing technologies such as Zoom and Microsoft Teams as well as other online technologies (such as e-signatures) given the impacts of COVID-19. Technology provides the mortgage broker and client with the ability to efficiently access home-specific and third-party data such as appraisals, credit reports and related credit application information in a highly-efficient and cost-effective manner.

## **Competitive Strengths**

DLC Franchisees compete with other independent and franchised mortgage brokers. However, DLC believes that it offers competitive advantages relative to alternative mortgage broker arrangements as a result of the following:

- The DLC Group brands have created more significant brand recognition than that of its competition;
- The DLC Group offers coast-to-coast coverage, which assists it in creating brand loyalty Canada-wide, as a result of mortgagees relocating within Canada and being repeat customers;
- The DLC Group's aggregate mortgage volume permits it to negotiate competitive mortgage rates on behalf of its Franchisees;
- The DLC Group has remained committed to offering the leading model from which a mortgage broker can build their business. This includes technology offerings, enhanced training, marketing design support and business support; and

- The DLC Group offers three mortgage brands that offer different operational models which allows us to recruit top talent and place those individuals with the brand style and culture that will allow them to thrive.

### **Geographic Distribution of Sales**

The DLC Group has operations in all 10 provinces in Canada. The DLC network includes 8,192 agents, ~542 Franchisees and teams, and over 1,000 locations. DLC seeks to add additional Franchisees on an ongoing basis, both in markets already served by DLC and new markets where DLC does not have a presence.

### **Sources of Revenue**

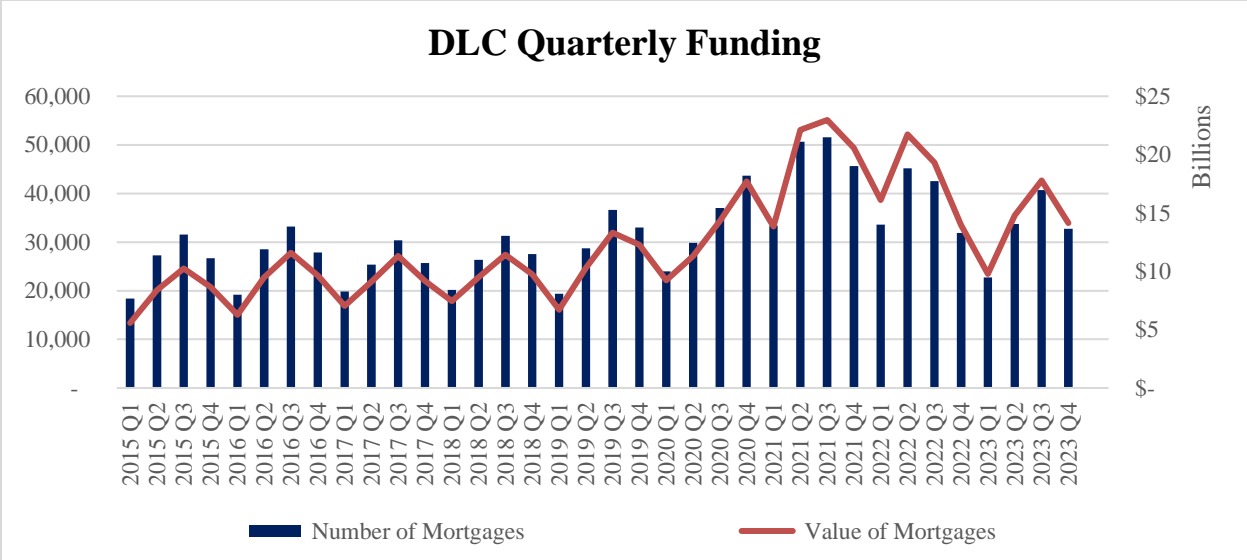
DLC's revenue is comprised of fees earned on the franchising of mortgage brokerage services (including franchising revenue and royalty income) and commissions generated on the brokering of mortgages. Franchising revenue from mortgage brokerages includes income from royalties, advertising and other monthly fees, and connectivity fee income. Royalty income is based on a percentage of the mortgage related revenues earned or volumes closed by the franchises, and is recognized as the Franchisees earn their commissions and bonuses from lending contracts. Income from advertising fees is collected on a monthly basis from the franchises to fund the costs of advertising brokerage services, and is recognized each month as amounts become due from franchises based on the terms of the Franchise Agreement (other monthly fees are recognized in the same manner). Connectivity fee revenue relates to agreements made with certain lenders and suppliers to earn bonuses based on the volume of mortgages funded or on broker activity. Connectivity fee revenue is comprised of two streams: lender bonus revenues and Newton's revenues. Lender bonuses are agreements made with certain preferred lenders to earn income based on volume of mortgage funded and certain other criteria. Newton's revenues are earned through three channels: fees paid by Canadian lenders based on funded volumes of mortgages, monthly subscription fees from non-DLC Group brokers and third-party supplier fees on a transaction basis. Connectivity fee revenue is recognized on an accrual basis as the volume or activity thresholds are fulfilled. Commission income relates to income earned on the brokering of mortgages within the corporately-owned mortgage franchise, and is earned when the mortgage deal has closed.

DLC also may realize a profit or receive rebates, commissions, payments, discounts, allowances or other benefits in connection with products or services purchased, leased or obtained by Franchisees from certain suppliers. DLC is entitled to retain any such rebate, commission, payment, discount, allowance or other benefit for its own use and credit without accounting to the Franchisee for such amounts.

### **Cycles or Seasonal Aspects**

As a service provider to the Canadian real estate market, DLC sees consistent seasonality trends as illustrated below:





As reflected in the above graph, DLC mortgage activity in terms of both number of mortgages and aggregate mortgage value follow a seasonal trend reflective of home sales seasonality in the Canadian market. Generally, home sales and mortgage sales are lowest during the first quarter (January through March) and highest during the summer months (June through September), with spring and autumn typically experiencing average activity.

Based on 2023 market data, approximately 38% of mortgage transactions are from purchases of property, 42% of mortgage transactions are from mortgage renewals and 20% of transactions are from mortgage re-financings. Although mortgage activity is certainly impacted by cyclical fluctuations in home sales, the impact is mitigated by the 62% of this activity that is not tied directly to home sales.

A significant number of mortgage consumers refinance their mortgage before the renewal date. As such, these re-financings lead to more business for mortgage brokers before the traditional 5-year maturity date expires. It also increases the importance for consumers of shopping a mortgage because the penalties for breaking a mortgage can be significant and can vary by type of mortgage and from lender to lender. Consumers are increasingly aware that there is much more to finding the best mortgage than just the mortgage rate. The terms, especially the penalties associated with breaking a mortgage, can be just as important. DLC believes that an independent mortgage professional, that has a vested interest in finding the best mortgage for the consumer, is a valuable asset to the individual.

**DLC Franchise Arrangements**

*Brand Licensing, Franchise Fees and Connectivity Fees*

DLC grants franchises to operate a DLC-branded mortgage brokerage business (the "**Franchised Business**") in accordance with the terms and conditions of standard form franchise agreements (the "**Franchise Agreements**"). Upon entering into the Franchise Agreement, the Franchisee obtains the right to operate under the DLC brand, being "Dominion Lending Centres". MA and MCC also offer mortgage broker franchises under the brands "Mortgage Architects" or "The Mortgage Centre", as applicable. The following disclosure relates exclusively to the DLC brand (as MA and MCC are similar but are not exactly the same).

In addition to securing brand use, DLC provides Franchisees with methods and know-how for conducting the Franchised Business (the "**System**") including methods of marketing, business management, administration and management. The System also includes methods of preserving the consistency of identity and reputation of the service standards, quality and uniformity of the services offered.

The Franchised Businesses typically offer all of the material and expertise required to offer mortgage brokerage services to individuals seeking to finance or refinance their real property. Franchisees broker mortgage products for owners of real property or for the acquisition of real property. Fees and bonuses for the placement of mortgage products are paid directly to Franchisees either by the lender or the customer. Some bonuses are paid directly to DLC from the lenders with the express intention that they be distributed among Franchisees (the "**Shared Bonuses**"), typically on a proportionate basis to the volume of mortgages placed with such lenders by the Franchisees. The Shared Bonuses are distributed by DLC to applicable Franchisees in accordance with the terms of the Franchise Agreement. Other financial incentives that are not intended to be distributed to Franchisees may sometimes be paid directly to DLC, and DLC is entitled to keep all such payments for its own account.

#### *Franchise Terms and Renewals*

Franchise Agreements typically provide for an initial term of 7 or 10 years, as well as two additional consecutive renewal terms. DLC has the discretion, but not the obligation, to grant additional renewal terms once the first two renewal terms have been exhausted. The renewal of a franchise term is conditional upon: the Franchisee being in full compliance with the Franchise Agreement and all monetary obligations to DLC; the Franchisee being in good standing with respect to its leased premises; the execution of DLC's then-current Franchise Agreement; the execution of a general release of DLC up to the effective date of the renewal; compliance with DLC's requirements to satisfy the image, standards, and specifications established by DLC for new franchises; compliance with all applicable laws and maintenance of licenses, registrations, and qualifications in the jurisdictions where the operations are carried out; payment of renewal fees and expenses; and delivery by DLC of any franchise disclosure statement required by applicable law.

DLC may terminate a Franchise Agreement in the event of: bankruptcy or insolvency of the Franchisee or principal; appointment of receiver for the Franchisee or principal; the Franchisee ceasing to carry-on business at the premises or losing rights to the premises; the Franchisee's failure to provide reports, statements or other documents under the Franchise Agreement; the Franchisee or any other franchise representative engaging in conduct detrimental to DLC, its intellectual property or the System; failure by the Franchisee to pay monies owed to DLC or its affiliate within 90 days of receipt of a written request to do so; a purported assignment of the Franchise Agreement without complying with assignment provisions; receipt by the Franchisee of three or more notices of material default within a consecutive 12 month period; failure to cure any other default under the Franchise Agreement within ten (10) business days' notice; the incapacitation of the principal for a cumulative period of 180 days in any 12 month period where the principal is essential for running of the business; a loss of right to conduct business as a mortgage broker; or failure to meet certain performance criteria for minimum sales volumes.

#### *Franchisee Locations*

DLC's standard-form Franchise Agreements typically do not confer upon the Franchisee any proprietary or exclusive right in or to any territory or market area surrounding the premises of the Franchised Business.

DLC does not have a policy as to how proximate to an existing Franchised Business location that: DLC may establish another Franchised Business or permit another distributor using the DLC brand; a DLC outlet may be established; or DLC may establish other methods of distribution using a DLC brand.

### *Marketing and Advertising*

DLC grants its Franchisees a non-exclusive license to use and display in the conduct of the Franchised Business the applicable DLC trade name and trademarks under which the Franchisee will conduct the Franchised Business within the applicable territory of the franchise. The Franchisee may not use any intellectual property of DLC as part of its corporate or firm name unless required by applicable regulatory legislation, and then, only in such manner as directed by DLC. While DLC and its affiliates actively seek to protect intellectual property from infringement by others, DLC is under no obligation to the Franchisee to do so, nor is DLC obligated to protect the Franchisee against claims of unfair competition or infringement. The Franchisee must follow DLC's rules when using the DLC intellectual property.

DLC collects advertising fees which are applied by DLC to marketing and advertising programs for the benefit of all Franchisees. DLC's national advertising fund promotes the quality of the DLC brand to consumers through television, print, and online advertising, and educates potential customers about the benefits of using a DLC mortgage broker.

Individual advertising and marketing measures on the part of the Franchisee may be carried out, subject to the requirements of the Franchise Agreement, which includes obtaining the prior written approval of DLC. Any costs incurred by the Franchisee in respect of its individual advertising and marketing measures (including the costs of legal advice and representation) are borne by the Franchisee.

### *Franchisee Training and Support*

New Franchisees are offered a training program which, among other things, gives each Franchisee the knowledge and skills necessary to operate their office and to deliver advice and recommendations on mortgage options to their customers. In addition, DLC periodically makes available to Franchisees and their mortgage brokers optional training by way of seminars, webinars, conferences, computer software, newsletters and bulletins relating to developments in the mortgage broker business. Attendance at the training is optional and the cost of such attendance, including all related travel costs (if any), is usually at the Franchisee's sole cost and expense.

DLC may introduce software and software applications, either created specifically by DLC or created for DLC by a specified software developer/supplier, for the purposes of facilitating the Franchisee's accounting, management or other information systems. At the request of the Franchisee, DLC will provide the Franchisee with reasonable assistance implementing the DLC software and reasonable training on the use of the DLC software. All costs associated with such implementation and training will be the sole responsibility of the Franchisee.

### *Information Management Systems*

DLC may from time to time require Franchisees to purchase or lease certain software and software applications in connection with the Franchised Business. DLC generally provides management information systems and resources designed to facilitate the efficient and profitable operation of DLC franchises. These systems include agent websites; a proprietary intranet that provides Franchisees and mortgage brokers with training resources, sales tools, property valuation systems and other business planning tools; and client relationship management software, which assists DLC mortgage brokers in managing client contacts, customer leads and other marketing information.

## *Insurance*

DLC Franchisees are required to obtain insurance policies for the operation of the Franchised Business including errors and omissions insurance, fire extended insurance on the leasehold improvements situated at the business premises for the Franchised Business, business interruption insurance, rental insurance, worker's compensation insurance and public liability and indemnity insurance fully protecting DLC and the Franchisee against loss or damage occurring in conjunction with the operation of the Franchised Business.

## **Government Regulation**

As a Franchisor, DLC must comply with provincial franchise legislation, which varies province-to-province within Canada. Currently, each of the provinces of Alberta, Manitoba, Ontario, New Brunswick and Prince Edward Island have enacted franchise legislation. Other Canadian provinces also are contemplating such legislation. Principally, the effect of such legislation is to require franchisors such as DLC to prepare and deliver to prospective Franchisees (at least 14 days prior to entering into the franchise or paying any amounts under it) a disclosure document that describes all "material facts", including details concerning the franchise and the Franchisee's rights and obligations under the Franchise Agreement. In certain circumstances, a failure to deliver a disclosure document when required, or a misrepresentation by the franchisor in the disclosure document, may give rise to a right in favour of the Franchisee to terminate the franchise within a specified period, or to sue the franchisor for damages. In addition, franchise legislation generally includes a statutory duty of good faith and fair dealing by both the franchisor and the Franchisee. DLC has implemented standard-form disclosure documents and procedures for addressing its obligations under provincial franchise legislation.

In order to operate the Franchised Business as a mortgage broker business, the proposed Franchisee must become and remain duly licensed as a mortgage broker, credit broker or other similar broker in accordance with the applicable legislation, if any, in the province where the Franchised Business is located. In addition, the proposed Franchisee must comply with all federal, provincial and municipal laws that affect a Franchised Business including employment, workers' compensation, insurance, corporate, tax, licensing and similar laws and regulations. Under the Franchise Agreement, it is the proposed Franchisee's responsibility to comply with all applicable laws, and to obtain and maintain all necessary permits, licenses, authorizations or other permissions necessary or otherwise required to operate the Franchised Business.

## **Credit Facilities**

The TD Credit Facility is comprised of two senior credit facilities (collectively, the "Senior Credit Facilities") and a junior term credit facility (the "Junior Credit Facility").

The Senior Credit Facilities provide the Corporation with a \$15 million revolving credit line and a term facility (the revolving credit line had \$nil drawn at December 31, 2023). The Senior Credit Facilities have a maturity date of December 19, 2026 and are secured by a first charge over all of the Corporation's "core business assets". Interest on the Senior Credit Facilities is based on the prime borrowing rate plus an additional amount determined based on the Corporation's total leverage. As at December 31, 2023, the aggregate debt balance gross of debt issuance costs, owing under the Senior Credit Facilities was ~\$36.1 million and the interest rate was equal to the prime borrowing rate.

The Junior Credit Facility provides the Corporation with a \$4.2 million term loan. The Junior Credit Facility is secured by a first charge over all of the Corporation's "non-core business assets" and a junior security interest over the Corporation's "core business assets" (subject to certain security-sharing rights of the Preferred Shareholders). Interest on the Junior Credit Facility is based on the prime borrowing rate plus an additional amount determined based on the Corporation's total leverage. As at December 31, 2023, the

aggregate balance, gross of debt issuance costs, owing under the Junior Credit Facilities was \$4.2 million and bore annual interest at prime plus 0.75%.

Annual financial covenants for both facilities include the requirement to maintain a fixed charge coverage ratio of 1.10x and an adjusted total debt-to-EBITDA ratio of less than 2.75:1.00. As at December 31, 2023, the Corporation was in compliance with all such covenants.

### **Employees and Consultants**

As at December 31, 2023, the Corporation had 151 employees and consultants (63 employees and consultants at DLC Inc., 9 employees and consultants at MCC, 25 employees and consultants at MA, 45 employees and consultants at Newton and 9 employees at Media).

## **DESCRIPTION OF CAPITAL STRUCTURE**

The Corporation has authorized capital consisting of an unlimited number of Common Shares and an unlimited number of Preferred Shares. As of March 18, 2024, there were 48,227,238 Common Shares issued and outstanding as fully paid and non-assessable and 26,774,054 Preferred Shares issued and outstanding.

### ***Common Shares***

All of the Common Shares rank equally as to dividends, voting powers and participation in assets and in all other respects. Each Common Share carries one vote per share at meetings of the Shareholders, to receive dividends if and when declared by the Board from time to time and to receive any remaining assets of the Corporation upon dissolution. There are no indentures or agreements limiting the payment of dividends and there are no conversion rights, special liquidation rights, pre-emptive rights or subscription rights attached to the Common Shares.

See "Dividends" below for information regarding the dividend policy relating to the Common Shares.

### ***Preferred Shares***

The Series 1, class B Preferred Shares were created pursuant to articles of amendment dated November 6, 2020 and were issued in connection with the DLC Acquisition.

The following is a summary of the principal terms of the Preferred Shares. The Preferred Shares participate in the economic performance of the Core Business (being DLC) and do not have any economic entitlement to the performance of the Non-Core Assets (being Club16 and Impact).

### ***Voting Rights***

The Preferred Shares do not have voting rights, except as may be mandated in certain instances by applicable law, and are not convertible into Common Shares. Notwithstanding this, the Preferred Shareholders are entitled to nominate 40% of the Corporation's directors pursuant to the Investors Rights Agreement (as discussed further below). Further, certain corporate decisions such as incurring additional debt or completing a new acquisition of a Non-Core Asset will be subject to approval by the Preferred Shareholders. See "*Investors Rights Agreement*" below.

### *Dividend Rights*

The holders of Preferred Shares are entitled to dividends based on Core Business Distributable Cash. "**Core Business Distributable Cash**" is defined in the terms attached to the Preferred Shares and is intended to serve as a proxy for the distributable free cash flow of the DLC Group, being equal to 95% of the following in any given fiscal year: (i) adjusted cash flows from operating activities (excluding non-cash working capital); (ii) cash flows from investing activities, and (iii) adjusted cash flows from financing activities attributable to the Core Business during a given fiscal year, less: (i) taxes attributable to the Core Business; and (ii) other adjustments approved by the Board of the Corporation and the Majority Preferred Shareholder in writing with specific reference to the applicable fiscal year. The enumerated components of Core Business Distributable Cash will be calculated on the basis of stand-alone financial statements of the Core Business which must be maintained by the Corporation for each fiscal year, as required under the terms of the Investors Rights Agreement.

The Preferred Shares are entitled to an annual cumulative dividend (the "**Annual Series 1 Dividend**") in an amount equal to 40% of the Core Business Distributable Cash.

The Annual Series 1 Dividend shall be paid to Preferred Shareholders within 120 days of the end of each fiscal year. Throughout the course of the fiscal year, the Corporation shall declare and pay an interim monthly cash dividend to the Preferred Shareholders in an amount determined by the board that represents a good-faith estimate of the monthly instalment of the Annual Series 1 Dividend (the "**Interim Monthly Dividends**"). The Corporation will be entitled to retain payments equal to 60% of Core Business Distributable Cash concurrently with the payment of the Interim Monthly Dividends, which amounts will be paid into a separate bank account segregated from the Core Business Operations.

If the Interim Monthly Dividends declared and paid on the Preferred Shares in respect of any particular Fiscal Year exceed the Annual Series 1 Dividend amount on the Preferred Shares for that same fiscal year, then the difference will be deducted and withheld from the Interim Monthly Dividends otherwise payable on the Preferred Shares for the next following fiscal year, until offset in full. Similarly, if the Interim Monthly Dividends declared and paid on the Preferred Shares in respect of any particular fiscal year are less than the Annual Series 1 Dividend amount on the Preferred Shares for that same fiscal year, then the difference will be paid on the Preferred Shares in the subsequent fiscal year, in accordance with the rights, privileges, restrictions and conditions attached to the Preferred Shares.

### *Liquidation Rights*

In the event of a liquidation, dissolution or winding-up of the Corporation's assets and property, or the sale of the Core Business Operations, the Preferred Shareholders shall be entitled to receive the amount equal to any accrued but unpaid Annual Preferred Share Dividend plus an amount equal to 40% of the net proceeds of any liquidation event or the sale of the Core Business Operations.

### *Investors Rights Agreement*

The investors rights agreement is an agreement between the Corporation and the holders of the Preferred Shares dated December 31, 2020 (the "**Investors Rights Agreement**"). This agreement grants certain governance rights to the Preferred Shareholders. A summary of the governance rights granted to the Preferred Shareholders under the Investors Rights Agreement is set out below. The Investors Rights Agreement will remain in effect until the Corporation and holders of not less than 80% of the Preferred Shares agree to termination.

A copy of the Investors Rights Agreement is attached as a schedule to the DLC Purchase Agreement which was filed on the Corporation's SEDAR profile on October 5, 2020 and is available for review at

[www.sedarplus.com](http://www.sedarplus.com). Summaries of the key terms and conditions included in the Investors Rights Agreement are set out below.

#### *Board Nomination Rights*

Any Preferred Shareholder directly holding over 80% of the Preferred Shares (a "**Majority Preferred Shareholder**") will have the ongoing right to nominate 40% (rounded up or down to the nearest whole number provided that, in no circumstance, shall the Majority Preferred Shareholder be entitled to nominate 50% or more of the directors as a result of any such rounding) of the members of the board of directors. As at the date hereof, KayMaur holds in excess of 80% of the Preferred Shares and Gary Mauris, Chris Kayat and James Bell are the initial nominees of KayMaur to the Board.

Further, the Investors Rights Agreement stipulates that at least one of the nominated directors of KayMaur must be invited to participate in all meetings of the audit committee of the Corporation.

#### *Preferred Shareholder Approvals*

Additionally, the following decisions (the "**Special Shareholder Decisions**") undertaken by either the Corporation or any of its subsidiaries must be approved in writing by any Majority Preferred Shareholder:

- (1) incurring any material new or additional debt or other borrowings, creating or issuing any debt securities or debt instruments in respect of the DLC Group, that would result in the DLC Group having a consolidated debt-to-equity ratio in excess of 2 to 1;
- (2) guaranteeing or agreeing to guarantee the obligations of any person other than the members of the DLC Group;
- (3) granting loans to any person other than members of the DLC Group;
- (4) terminating any of the executives or senior management of the DLC Group (excluding Chris Kayat or Gary Mauris);
- (5) reducing the directors' and officers' insurance coverage provided for under the Investors Rights Agreement;
- (6) acquiring by way of a share or asset transaction (or series of transactions), commencing or investing in a business other than the DLC Group (other than investments in Impact, Club16, Vital Alert or the Non-Core Businesses);
- (7) entering into, or taking steps to enter into, a merger, amalgamation or other form of business combination with any other person, provided however, the foregoing: (i) shall not apply to any amalgamation, arrangement or take-over bid involving the Corporation, the effect of which provides for the acquisition of solely the common shares of the Corporation; and (ii) shall not limit the authority of the directors of the Corporation to respond to any take-over bid for the shares of the Corporation in such manner as determined by the directors of the Corporation;
- (8) granting any material encumbrance over all or any portion of the property, assets or undertaking of the Corporation or any of its wholly-owned or partially-owned subsidiaries, other than as permitted by the Investors Rights Agreement;
- (9) expanding the business of the DLC Group to jurisdictions outside of Canada;
- (10) selling or otherwise transferring any one or more members of the DLC Group, or all or substantially all of the assets of any one or more members of the DLC Group;

- (11) amending the constating documents of the Corporation or any other member of the DLC Group;
- (12) restructuring any one or more members of the DLC Group;
- (13) changing the size of the Board or any DLC Board;
- (14) creating or issuing any shares in the capital of the Corporation that have preferential or equal treatment to the Preferred Shares as to dividends, returns of capital or sharing of assets on liquidation as the current outstanding shares of the Corporation and each subsidiary of DLC;
- (15) amalgamating Impact, Club16 or Vital Alert with the Corporation, or entering into any transaction or series of transactions that would result in the business carried on by Impact, Club16 or Vital Alert being carried on by the Corporation; or
- (16) entering into, or taking steps to enter into, any non-arm's length transactions other than in respect of Impact, Club16, Vital Alert or the Non-Core Businesses.

#### *Special Board Decisions*

Any decision of the Board to make a net debt repayment from Core Distributable Business Cash must be approved by at least a majority of the directors then in office, which approval must include the nominees of the Majority Preferred Shareholder.

#### *Restrictions on Transfers*

The Preferred Shareholders cannot transfer Preferred Shares except in accordance with the Investors Rights Agreement, provided that Preferred Shareholders may transfer all or a portion of their Preferred Shares to an affiliated entity, so long as that entity holds at least 25% of the issued and outstanding Preferred Shares following the transfer. Any transferee of the Preferred Shares must agree to be bound by the Investors Rights Agreement prior to the transfer being effective.

In the event a Preferred Shareholder enters into an agreement with a third-party purchaser or receives a *bona fide* offer from a third party purchaser, to sell all or any portion of the Preferred Shareholder's Preferred Shares, the Corporation has a right of first refusal to buy the shares on the same terms as the third party purchaser was prepared to purchase the shares.

### **DIVIDENDS**

#### *Historical*

On November 4, 2016, the Corporation implemented a dividend policy to pay a quarterly dividend of \$0.0125 per Common Share. The Corporation declared and paid quarterly dividends of \$0.0125 per Common Share to shareholders of record on March 31, 2017, June 30, 2017, September 29, 2017, December 29, 2017, March 30, 2018, June 29, 2018 and September 28, 2018 and December 28, 2018. On March 12, 2019, the Corporation announced that it suspended the payment of its quarterly dividend of \$0.0125 per Common Share to provide the Corporation with more flexibility to pay down debt and allow certain investees to retain more cash to take advantage of growth opportunities.

#### *Current*

On April 13, 2022, the Corporation implemented a dividend policy to pay a quarterly dividend of \$0.03 per Common Share (payable quarterly). The Corporation declared and paid quarterly dividends of \$0.03 per



Common Share to shareholders of record on June 1, 2022, September 1, 2022, December 1, 2022, March 1, 2023, June 1, 2023, September 1, 2023, December 1, 2023, and March 1, 2024.

The Preferred Shareholders are entitled to the Annual Series 1 Dividend in an amount equal to 40% of the Core Business Distributable Cash. See "Description of Capital Structure – Preferred Shares – Dividend Rights".

## MARKET FOR SECURITIES

The Common Shares commenced trading on the TSX on February 3, 2022 under the symbol "DLCG". The Common Shares had traded on the TSXV under the symbol "DLCG" since January 8, 2021 until the corporation graduated to the TSX on February 3, 2022.

### Trading Price and Volume

The following table sets out the high and low trading prices and aggregate volume of trading of the Common Shares on the TSX for the following periods.

Period	High (\$)	Low (\$)	Volume (Shares)
<b>2023</b>			
January	3.27	2.94	40,104
February	3.55	2.99	81,681
March	3.17	2.47	83,629
April	2.94	2.63	67,046
May	2.85	2.23	403,975
June	2.59	2.10	48,546
July	2.41	1.80	269,165
August	2.59	1.99	350,791
September	2.14	1.74	461,933
October	2.53	1.80	53,280
November	2.75	1.83	1,985,786
December	3.05	2.53	193,854

### Prior Sales

During the financial year ended December 31, 2023 and the period thereafter up to March 19, 2024, the Corporation did not issue any securities.

## DIRECTORS AND OFFICERS

### Name, Occupation and Security Holding

As of March 19, 2024, the name, province or state, and country of residence, position or office held with the Corporation and principal occupation for the immediately preceding five (5) years of each of the directors and executive officers of the Corporation are as follows:

Name and Jurisdiction of Residence	Present Position with the Corporation and Principal Occupation for last five years	Director since
Gary Mauris British Columbia, Canada	Executive Chairman and Chief Executive Officer of the Corporation (January 2021 to present)  Chief Executive Officer of DLC Group (2006 to present)	June 20, 2016

<b>Chris Kayat</b> British Columbia, Canada	Executive Vice-Chairman of the Corporation (January 2021 to present)  Executive Vice-President of DLC Group (2006 to present)	December 22, 2017
<b>Eddy Coccio</b> Ontario, Canada	President of the Corporation (December 2023 to present).  Co-President of the Corporation (January 2021 to December, 2023); President of DLC Inc. (December 2018 to December 2020); President of MCC (2008 to 2018)	N/A
<b>James Bell</b> <sup>(4)</sup> Alberta, Canada	Executive Vice-President, Corporate and Chief Legal Officer of the Corporation (December 2023 to present).  Co-President of the Corporation (January 2021 to December, 2023); President and Chief Executive Officer of FAC (January 2019 to December, 2020); Interim Chief Financial Officer of FAC (October 2018 to January, 2019); General Counsel and Corporate Secretary of FAC (April 2016 to January 2019); Chief Operating Officer of FAC (November 2016 to January 2019)	February 23, 2016
<b>Trevor Bruno</b> <sup>(1)(2)(3)</sup> British Columbia, Canada	Vice-President and Chief Legal Officer of Belcorp Industries Inc. (2016 to present)	June 11, 2020
<b>Ron Gratton</b> <sup>(1)(2)(3)(5)</sup> Alberta, Canada	Businessman and Chartered Professional Accountant  Interim Chief Financial Officer of the Corporation (June 2017 to January 2018 and January 2019 to May 2019)	April 16, 2016
<b>J.R. Kingsley Ward</b> <sup>(2)(3)</sup> Ontario, Canada	Chairman and Managing Partner of VRG Capital Corp. (2011 to present); President of Vimy Ridge Group Ltd. (January 1991 to present)	April 16, 2016
<b>Dennis Sykora</b> <sup>(1)</sup> Alberta, Canada	Businessman, Lawyer and Chartered Professional Accountant	January 25, 2018
<b>Geoff Hague</b> British Columbia, Canada	Chief Financial Officer of the Corporation (November, 2023 to present)  Co-Chief Financial Officer of the Corporation (January 2021 to December, 2023); Chief Financial Officer of DLC Inc. (January 2014 to December 2020)	N/A
<b>Dustin Woodhouse</b> <sup>(6)</sup> British Columbia, Canada	President of MA Mortgage Architects Inc. (March 2019 to present)  Mortgage Agent and Industry Consultant (March 2011 to March 2019).	N/A

<b>Rich Spence</b> Ontario, Canada	President of MCC Mortgage Centre Canada Inc. (September 2018 to present)  Manulife Canada, Canadian Division Sales, AVP (January 2013 to June, 2018)	N/A
<b>Geoff Willis</b> British Columbia, Canada	President of Newton Connectivity Systems Inc. (December 2016 to present)	N/A
<b>Kate Brady</b> British Columbia, Canada	President of Dominion Media Corp. (January 2023 to present)  Vice-President, Marketing of DLC Inc. (June 2020 to December 2022)  Director of Marketing, Events, Sponsorship and Communication of DLC Inc. (February 2018 to June 2022)  Event Manager of DLC Inc. (April 2017 to January 2018)	N/A
<b>Joe Pinheiro</b> Ontario, Canada	Sr. Vice President Corporate Development of the Corporation (January 2021 to present)  Vice-President of Sales of Newton Connectivity Systems Inc. (January 2020 to January 2021); Vice-President Sale for Mortgage Alliance (2004-2020)	N/A
<b>Dave Teixeira</b> British Columbia, Canada	Executive Vice President, Operations of the Corporation (December 2023 to present)  Executive Vice President, Business Development and Public Affairs of the Corporation (2015 to 2023)	N/A
<b>Slawomir Kownacki</b> British Columbia, Canada	Chief Technology Officer of the Corporation (February 2022 to present)  Director of Application Development of the Corporation (2019 to 2022)	N/A

**Notes:**

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Corporate Governance Committee.
- (4) Mr. Bell was a director of Just Energy Group Inc. ("Just Energy"), a retail energy provider. On March 9, 2021, Just Energy sought and received creditor protection under the Companies' Creditors Arrangement Act ("CCAA") and similar protection under Chapter 15 of the Bankruptcy Code in the United States. Just Energy emerged from CCAA in December, 2022 and Mr. Bell ceased as a director on emergence.
- (5) Mr. Gratton acted as one of the managing directors of Welded Construction, L.P. ("Welded") by virtue of being a director of a private limited liability company that is one of two general partners of Welded. Welded is a US based partnership operating in the pipeline construction business and Welded filed a petition under Chapter 11 of Title 11 of the US Bankruptcy Code on October 22, 2018.
- (6) On February 23, 2024, the Corporation announced that Dustin Woodhouse will cease to be the President of Mortgage Architects effective April 1, 2024 and Mike De Eyre will be appointed as his replacement.

The term of office of each of the directors expires at the next annual meeting of Shareholders.

As of March 19, 2024, all of the directors and officers of the Corporation, as a group, beneficially own, directly or indirectly, or exercise control or direction over 36,100,585 Common Shares representing approximately 75% of the 48,227,238 Common Shares issued and outstanding and 25,432,674 Preferred Shares representing approximately 95% of the 26,774,054 Preferred Shares issued and outstanding.

## **Conflicts of Interest**

There are potential conflicts of interest to which some of the directors, officers, insiders and promoters of the Corporation will be subject in connection with the operations of the Corporation. All of the directors, officers, insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the business of the Corporation. Accordingly, situations may arise where some or all of the directors, officers, insiders and promoters will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the ABCA. See also "Risk Factors – Potential Conflicts of Interest".

## **RISK FACTORS**

The following is a brief discussion of those factors which may have a material impact on, or constitute risk factors in respect of, the Corporation's future business or financial performance.

### *Canadian Real Estate Market*

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

### *General Economic Variables*

DLC's business, and the business of the Franchisees and their mortgage brokers, are sensitive to general market and economic conditions in Canada and worldwide. These conditions include, among others, short-term and long-term interest rates, new regulations, inflation, fluctuations in debt and equity capital markets, levels of unemployment, consumer confidence and the general condition of the Canadian, North American and world economies. The Canadian residential real estate market also depends upon the strength of Canadian financial institutions, which are sensitive to changes in the general macroeconomic environment. Lack of available credit or lack of confidence in the financial sector could materially and adversely affect DLC's business. Further, the Canadian real estate market is impacted by the number of immigrants and foreign workers allowed into Canada each year.

A host of factors beyond DLC's control could cause fluctuations in these conditions, including the political (regulatory) environment, extent and duration of public health orders, and acts or threats of war or terrorism which could have a material adverse effect on DLC's business.

### *Franchisee Bad Debts*

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

### *Adding DLC Franchises / Closure of DLC Franchises*

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

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

### *Dependence on Key Executives and Succession*

DLC's senior executives are instrumental in setting its strategic direction, operating its business, identifying, recruiting and training key personnel, identifying expansion opportunities and arranging necessary financing. Losing the services of any of these individuals could materially adversely affect DLC's business until a suitable replacement is found.

DLC's senior executives have been in the mortgage brokerage business for many years. If appropriate management succession arrangements are not put in place, DLC could be adversely affected by the loss of the services of one or more of its senior executives.

### *Lack of Control Over Franchisees*

Franchisees are independent business operators and their mortgage brokers are independent contractors, and, as such, they are not employees of DLC, and DLC does not exercise control over their day-to-day operations. There is a risk that franchisees may not successfully operate a mortgage brokerage business in a manner consistent with industry standards, or may not affiliate with effective mortgage brokers. If the Franchisees or their mortgage brokers were to provide diminished quality of service to customers, DLC's image and reputation may suffer materially and adversely affect DLC's results of operations. Additionally, Franchisees and their mortgage brokers may engage or be accused of engaging in unlawful or tortious acts. Such acts, or the accusation of such acts, could harm DLC's image, reputation and goodwill.

### *Maintaining DLC's Brand*

DLC's results of operations and ability to grow are dependent in part upon its ability to maintain and enhance the value of the DLC brands and consumers' connection to the DLC brands and positive relationships with its Franchisees. DLC believes it has built the reputation of the DLC brands on highly-personalized relationships between the mortgage broker and their customers. Any incident that erodes consumer affinity for DLC could significantly reduce its value and damage the DLC business.

For multi-location franchise businesses such as DLC, the negative impact of adverse publicity relating to one broker, office or a limited number of franchises may extend far beyond the broker, office or franchise involved to affect some or all of DLC's other mortgage brokers, offices or franchises. The risk of negative publicity is particularly great because DLC is limited in the extent to which its franchises and mortgage brokers can be regulated on a real-time basis.

### *Changes to Mortgage Underwriting Standards*

During the past several years, many lenders have tightened their underwriting standards. Underwriting standards could be further tightened as a result of changes in regulations, including regulations enacted to increase guarantee fees of federally-insured mortgages and/or to reduce the maximum loan limits on mortgage guarantees by the Canada Mortgage and Housing Corporation. More stringent mortgage underwriting standards could adversely affect the ability and willingness of prospective buyers to finance home purchases or to sell their existing homes, which would adversely affect the residential real estate industry and put downward pressure on the number of mortgage brokers operating in the industry, which would adversely affect DLC.

### *Changes to Mortgage Regulations*

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

### *Changes to Foreign Ownership Laws*

The real estate industry is subject to laws and regulations governing the ownership, leasing, development and taxation of real property. Future changes in federal, provincial, and municipal laws or regulations governing the ownership, leasing, development and taxation of real property, including relating to ownership by non-residents of Canada, could affect the market demand dynamics and the supply of available new or existing homes for sale, which may adversely impact the DLC business.

### *Changes to Licensing Regulations*

Increases to mortgage broker licence fees and/or the implementation of more stringent educational requirements will result in increased financial investments and time frames required for prospective mortgage brokers to become licensed. If such developments materialize, they will create barriers to entry and put downward pressure on the number of new mortgage brokers entering into the industry, which would adversely impact DLC's business.

### *Complaints and Litigation*

DLC could from time to time be the subject of complaints or litigation from members of the public alleging poor service, misrepresentation or other legal issues. DLC could also be the subject of complaints or litigation from the Franchisees or their mortgage brokers about franchise contract issues or other operational issues. Regardless of whether any claims against DLC or a Franchisee are valid, or whether either is ultimately held liable, claims may be expensive to defend and may divert time and money away from operations and hurt DLC and/or the Franchisees' performance. A judgment in excess of DLC's or the Franchisees' insurance coverage for any claims could materially and adversely affect their respective financial condition and results of operations. Adverse publicity resulting from such allegations may materially affect revenue to brokers and therefore to DLC's franchise fees, whether the allegations are true or not, and whether DLC or a Franchisee is ultimately held liable.

### *Information Technology and Systems*

DLC's business and the business of the Franchisees, including their ability to attract mortgage brokers, increasingly depends upon the use of sophisticated information technologies and systems (mobile and otherwise), including those utilized for communications, marketing, productivity, lead generation, transaction processing, business records keeping (employment, accounting, tax, etc.), procurement, call center operations and administrative systems. The operation of these technologies and systems is dependent, in part, upon third-parties, systems and services, for which there are no assurances of continued or uninterrupted availability and support by the applicable third-party vendors on commercially reasonable terms. DLC and the Franchisees also cannot assure that they will be able to continue to effectively operate and maintain their information technologies and systems. In addition, DLC's information technologies and systems are expected to require refinements and enhancements on an ongoing basis, and DLC expects that advanced new technologies and systems will continue to be introduced. DLC may not be able to obtain such new technologies and systems, or to replace or introduce new technologies and systems as quickly as its competitors or in a cost-effective manner. Also, DLC may not achieve the benefits anticipated or required from any new technology or system, and DLC may not be able to devote financial resources to new technologies and systems in the future.

DLC may be threatened by cyber-attacks, breaches of network, computer viruses or other security breaches, human errors, sabotage, or other similar events, which could have an adverse impact on its activities, including system disruptions or breakdowns, loss of data, or intellectual property theft. This could also have an adverse impact on financial performance and cause considerable damage to reputation and could potentially result in legal actions. If DLC's information technology systems were to fail and were unable to recover in a timely way, DLC might be unable to fulfill critical business functions, which could have a material adverse effect on its business, financial condition, and results of operations.

### *Breach of Privacy Laws / Release of Confidential Information*

DLC and the Franchisees maintain significant private and confidential information regarding their customers and are dependent upon their operations and systems to keep all such information confidential. The intentional or unintentional release of customers' confidential private information by either DLC or its Franchisees could materially and adversely affect their respective financial condition and results of operations.

### *Online Product Competition*

Internet-based mortgage brokerage businesses are becoming more prevalent in the United States. While none have commenced meaningful operations in Canada to date, innovation in the space is constant, and disruptive business models could draw consumers away from traditional mortgage brokerages and put downward pressure on the number of mortgage brokers operating in the industry, which would adversely affect DLC.

### *Ability to Secure Adequate Financing*

The Corporation may have ongoing requirements for capital to support its growth and may seek to obtain additional funds for these purposes through public or private equity, or through the incurrence of indebtedness. There are no assurances that the Corporation will be able to secure additional funding on acceptable terms or at an acceptable level. The Corporation's liquidity and operating results may be adversely affected if its access to capital markets or other sources of financing is hindered, whether as a result of a downturn in market conditions generally or to matters specific to the Corporation.

### *Common Shares Sensitive to Market Fluctuations*

The market price of the Common Shares has been and may continue to be subject to wide fluctuations in response to factors such as actual or anticipated variations in its results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may adversely affect the market price of the Common Shares, even if the Corporation is successful in maintaining revenues, cash flows or earnings. This fluctuation in market price may adversely affect the Corporation's ability to raise additional funds through the issuance of Common Shares, which could have a material and adverse impact on its profitability, results of operations and financial condition.

### *Dividend Payment*

The payment of dividends is at the discretion of our Board, and is dependent upon, among other things, financial performance, debt covenants, solvency tests, our ability to meet financial obligations as they come due, working capital requirements, future tax obligations, future capital requirements, the Canadian real estate market and other business and risk factors set forth in this document.

### *Disclosure Controls and Procedures (“DC&P”) and Internal Control Over Financial Reporting (“ICFR”)*

Based on their inherent limitations, DC&P and ICFR may not prevent or detect misstatements, and even those controls determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation. Failure to adequately prevent, detect and correct misstatements could have a material adverse effect on our business, financial condition, results of operations, cash flows, and our reputation.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

Except as set out below, management knows of no legal proceedings or regulatory actions, contemplated or actual, involving the Corporation, which could materially affect the Corporation, during the Corporation's most recently completed financial year ended December 31, 2023 or during the subsequent period up to the date hereof.

On May 16, 2023, the Federal Court of Canada granted a court order requiring the Corporation to produce certain documents, records and data in connection with an inquiry by the Competition Bureau. As noted in the Competition Bureau's press release dated May 19, 2023: “The order, granted by the Federal Court of Canada on May 16, 2023, requires DLC to produce records and written information that are relevant to the Bureau's investigation. There is no conclusion of wrongdoing at this time.” The Corporation did comply with the order and provided all applicable documents, records and data prior to the August 16, 2023 deadline.

## **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as set out below, none of the directors, executive officers, or persons or companies that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Common Shares, nor any associates or affiliates of the foregoing, have any interest, direct or indirect, in any transaction within the three most recently completed financial years of the Corporation or during the current financial year, or in any proposed transaction that has materially affected or that would materially affect the Corporation, on a consolidated basis.



KayMaur (which is beneficially owned and controlled by Gary Mauris and Chris Kayat) was party to the DLC Acquisition and the Inversion Rights Termination Transaction as discussed herein. Belcorp Industries Inc. was the sole subscriber in the 2020 Private Placement that funded the Inversion Rights Termination Consideration. Mr. Bruno, a director of the Corporation, is an executive officer of Belcorp.

Geoff Willis, President of Newton, was party to the Newton Purchase Agreement and received (directly or indirectly) 25% of the consideration paid under the Newton Acquisition as he was a director, officer and shareholder of the vendor in the transaction.

## **AUDIT COMMITTEE**

The Audit Committee is a committee of the Board which assists the Board in fulfilling its responsibility for oversight of the financial reporting process. The Audit Committee is also responsible for managing, on behalf of the Shareholders, the relationship between the Corporation and the external auditor.

Pursuant to NI 52-110, the Corporation is required to disclose certain information with respect to its Audit Committee, as summarized below.

### **Charter**

The text of the Corporation's Audit Committee charter is attached hereto as Schedule "A" and is also available for review on the Corporation's website.

### **Composition of the Audit Committee**

The Audit Committee currently consists of Dennis Sykora (Chair), Ron Gratton and Trevor Bruno, all of whom are financially literate. Messrs. Sykora, Gratton and Bruno are all considered independent.

Notwithstanding that Mr. Gratton served as Interim Chief Financial Officer from July 1, 2017 until February 28, 2018 and from January 30, 2019 to May 27, 2019, the Board continues to consider Mr. Gratton "independent" as defined by NI 52-110. Mr. Gratton agreed to serve as Interim Chief Financial Officer primarily to lead the Corporation's search for a full-time Chief Financial Officer. The Corporation does not consider Mr. Gratton's service to find a full-time Chief Financial Officer to have jeopardized or effected his independence.

### **Relevant Education and Experience**

The education and experience of each of the present Audit Committee members that is relevant to the performance of his responsibilities as an Audit Committee member is as follows:

#### *Dennis Sykora*

Mr. Sykora is a lawyer, Chartered Professional Accountant and experienced executive. Mr. Sykora currently serves as a director of Questerre Energy Corporation, an energy company listed on the TSX and Norway Stock Exchange. Mr. Sykora served as a senior executive with High Arctic Energy Services (an energy services company listed on the TSX) from April 2007 to July 2014 in various roles including as Chief Executive Officer and Executive Vice President and General Counsel and served on the Board of Directors until November 2016. Prior to that, he spent 10 years as a senior corporate executive and 15 years as a lawyer and Chartered Accountant with Felesky Flynn LLP and Ernst & Young LLP, specializing in tax planning. Mr. Sykora is a member of both the Law Society of Alberta and the Chartered Professional Accountants of Alberta.

### *Ron Gratton*

Mr. Gratton is a Chartered Professional Accountant. Mr. Gratton is President and a director of the McCaig Real Estate a private commercial real estate company, as well as a director of several private investment and operating entities including Chairman of Revolution Oil and Gas Corporation, a private energy company. From 2000 until 2010, Mr. Gratton was a senior tax partner with PricewaterhouseCoopers LLP. Prior thereto, he held senior roles with Coopers & Lybrand as well as various public and private companies.

### *Trevor Bruno*

Mr. Bruno is Vice President and Chief Legal Officer for the Belkorp Group of Companies. He is involved in all aspects of operational, investment, divestiture and management decisions and provides legal support for all business operations at Belkorp. Mr. Bruno is a corporate lawyer with over 20 years of experience. Prior to joining Belkorp in 2016, Mr. Bruno spent 10 years at Intrawest where he served in numerous of roles, including President of Intrawest's hospitality and timeshare division (2012-2016), Vice President of Corporate Development (2009-2012) and legal counsel (2007-2009). Prior thereto, Mr. Bruno also spent more than 5 years practicing at Sidley Austin LLP in New York. Mr. Bruno was named one of Business in Vancouver's Forty under 40 in 2015. Mr. Bruno obtained a Bachelor of Law and B.Sc. from the University of British Columbia and is called to the bar in New York and British Columbia.

### **Reliance on Certain Exemptions**

Since the commencement of the Corporation's most recently completed financial year ended December 31, 2023, it has not relied on the exemption in section 2.4 (*De Minimus Non-audit Services*) or an exemption granted under Part 8 (*Exemptions*) from NI 52-110.

### **Audit Committee Oversight**

The Board has adopted all recommendations of the Audit Committee with respect to the nomination or compensation of an external auditor.

### **Pre-Approval of Policies and Procedures**

If non-audit services to be performed by the external auditor are expected to exceed 5% in aggregate of the total fees that are expected to be paid to the external auditor during the fiscal year, they must be preapproved by the Audit Committee or by an independent member of the Audit Committee to whom the Audit Committee has delegated authority to grant such pre-approval.

All non-audit services to be performed by the external auditor that are not reasonably expected to exceed 5% in aggregate of the total fees expected to be paid to the external auditor during the fiscal year are deemed by the Audit Committee to have been pre-approved.

All non-audit services that were not recognized as non-audit services at the time of engagement must be brought to the attention of the Audit Committee, or an independent member of the Audit Committee to whom the Audit Committee has delegated authority to grant such pre-approvals, for approval prior to the completion of the audit.

### **External Auditor Service Fees**

The aggregate fees billed by the Corporation's external auditors in the financial years ended December 31, 2023 and December 31, 2022 for audit and other services is set forth below.

<b>Year Ended</b>	<b>Audit Fees<sup>(1)</sup></b>	<b>Audit-Related Fees<sup>(2)</sup></b>	<b>Tax Fees<sup>(3)</sup></b>	<b>All Other Fees<sup>(4)</sup></b>
2023	\$487,500	Nil	\$59,405	Nil
2022	\$472,500	Nil	\$59,405	Nil

**Notes:**

- (1) The aggregate fees billed by the Corporation's auditor for audit fees. Included within the audit fees are the aggregate fees associated with the statutory audits of the Corporation's subsidiaries. The statutory audit fees included for Impact was an annual \$55,000, in the year ended December 31, 2023 and \$52,500 for in the year ended December 31, 2022. The statutory audit fees for the DLC Group was \$412,500 for each of the years ended December 31, 2023 and 2022, respectively.
- (2) The aggregate fees billed for assurance and related services by the Corporation's auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the "Audit Fees" column.
- (3) The aggregate fees billed for professional services rendered by the Corporation's auditor for tax compliance, tax advice, and tax planning.
- (4) The aggregate fees billed for professional services rendered by the Corporation's auditor in relation to restructurings, private placements, prospectus filings and the filing of business acquisition reports.

### **TRANSFER AGENT AND REGISTRAR**

The Corporation's transfer agent and registrar is Olympia Trust Company, at Suite 2200, 125 – 9<sup>th</sup> Avenue S.E., Calgary, Alberta, T2G 0P6.

### **AUDITORS**

The auditors of the Corporation are Ernst & Young LLP, located at 2200 – 215 2nd Street SW, Calgary, Alberta, T2P 1M4. Ernst & Young LLP was appointed as auditors of the Corporation on August 7, 2018.

### **MATERIAL CONTRACTS**

The Corporation entered into the following material agreements within the year ended December 31, 2023 or subsequent to such date:

- The amended and restated TD Credit Facility.

Copies of each of the foregoing contracts are available under the Corporation's profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com). Other than the agreements listed above, there are no contracts of the Corporation (other than contracts entered into in the ordinary course of business) that are material to the Corporation and that were entered into by the Corporation within the most recently completed financial year (or during the period thereafter up to the date hereof).

### **INTERESTS OF EXPERTS**

Ernst & Young LLP, Chartered Professional Accountants, located at 2200 – 215 2nd Street SW, Calgary, Alberta, T2P 1M4 were appointed auditor of the Corporation effective August 7, 2018. Ernst & Young LLP have confirmed that they are independent with respect to the Corporation within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

### **ADDITIONAL INFORMATION**

Additional information on the Corporation may be found on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Corporation's information circular for its most recent annual meeting of Shareholders that involved the election of directors filed on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

Additional financial information is provided in the Corporation's financial statements and the management discussion and analysis for its most recently completed financial year.

## SCHEDULE A AUDIT COMMITTEE CHARTER

### Objectives

The Audit Committee has been formed by the board of directors (the "**Board**") of Dominion Lending Centres Inc. (together with its subsidiaries, the "**Corporation**") to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

- monitor the integrity of the Corporation's financial reporting process and systems of internal controls regarding finance, accounting, and securities laws compliance;
- assist Board oversight of: (i) the integrity of the Corporation's financial statements; and (ii) the Corporation's compliance with securities laws and regulatory requirements;
- monitor the independence, qualification and performance of the Corporation's external auditors; and
- provide an avenue of communication among the external auditors, management and the Board.

The Audit Committee will, at least annually, review and modify this mandate with regards to, and to reflect changes in, the business environment, industry standards on matters of corporate governance, additional standards which the Audit Committee believes may be applicable to the Corporation's business, the location of the Corporation's business and its shareholders and the application of laws and policies.

### Composition

Audit Committee members must meet the requirements of applicable securities laws and of the stock exchanges on which the securities of the Corporation trade. The Audit Committee will be comprised of three or more directors as determined by the Board. A majority of the Audit Committee members shall be "independent" and each Audit Committee member shall be "financially literate", as those terms are defined in National Instrument 52-110 *Audit Committees* ("**NI 52-110**") of the Canadian Securities Administrators (as set out in Schedule A hereto), and as "financially literate" is interpreted by the Board in its business judgement. In order to be financially literate, a director must be, at a minimum, able to read and understand basic financial statements and at least one member shall have "accounting or related financial management expertise", meaning the ability to analyze and interpret a full set of financial statements, including the notes attached thereto, in accordance with Canadian generally accepted accounting principles recognized by the Chartered Professional Accountants of Canada from time to time and applicable to publicly accountable enterprises ("**GAAP**").

Audit Committee members shall be appointed annually by the Board. The Board may fill any vacancy in the membership of the Committee at any time. The Chair of the Audit Committee shall be appointed annually by the Board.

### Meetings and Minutes

The Audit Committee shall meet at least quarterly, or more frequently if determined necessary to carry out its responsibilities.

A meeting may be called by the Chair of the Audit Committee, the Chief Executive Officer of the Corporation (the "**CEO**"), the Chief Financial Officer of the Corporation (the "**CFO**"), any member of the Audit Committee or the external auditors. A notice of time and place of every meeting of the Audit Committee shall be given in writing to each member of the Audit Committee at least 24 hours prior to the time fixed for such meeting, unless waived by all members entitled to attend. Attendance of a member of

the Audit Committee at a meeting shall constitute waiver of notice of the meeting except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.

A quorum for meetings of the Audit Committee shall require a majority of its members present in person or by telephone. If the Chair is not present at any meeting of the Audit Committee, one of the other members of the Audit Committee present at the meeting will be chosen to preside by a majority of the members of the Audit Committee present at that meeting.

Each of the CEO and the CFO shall be available to advise the Audit Committee, shall receive notice of meetings and may attend meetings of the Audit Committee at the invitation of the Chair on a non-voting basis. The Corporation's external auditors shall be invited to attend all meetings of the Audit Committee, on a non-voting basis. Other management representatives shall be invited to attend as necessary on a non-voting basis. Notwithstanding the foregoing, the Audit Committee shall hold *in camera* sessions, without management present, at each meeting unless decided unnecessary by the Audit Committee.

Decisions of the Audit Committee shall be determined by a majority of the votes cast.

The Audit Committee shall appoint a member of the Audit Committee, an officer of the Corporation or legal counsel to act as secretary at each meeting for the purpose of recording the minutes of each meeting. Minutes shall be kept of all meetings of the Committee and shall be signed by the Chair and the secretary of the meeting.

The Audit Committee shall make available to the Board a summary of all meetings and a copy of the minutes from such meetings. Where minutes have not yet been prepared, the Chair shall provide the Board with oral reports on the activities of the Audit Committee. All significant information reviewed and discussed by the Audit Committee at any meeting shall be referred to in the minutes and made available for examination by the Board upon request to the Chair.

## **Scope, Duties and Responsibilities**

### *Mandatory Duties*

#### Oversight in Respect of Financial Disclosure and Accounting Practices

Pursuant to the requirements of NI 52-110 and other applicable laws, the Audit Committee will:

1. Review the Corporation's audit plan with the external auditors and management.
2. Prior to filing or public distribution, review, discuss with management and the external auditors and recommend to the Board for approval, the Corporation's audited annual financial statements and related press releases, interim financial statements and related press releases, annual information forms, management's discussion and analysis, financial statements required by regulatory authorities, financial information and any financial guidance proposed to be provided to analysts and rating agencies, all audited and unaudited financial statements included or incorporated by reference in prospectuses or other offering documents and all documents which may be included or incorporated by reference into a prospectus which contain financial information within the Audit Committee's mandate, including without limitation, the portions of the management proxy circular for any annual or special meeting of shareholders containing significant financial information within the Audit Committee's mandate. This review should include

- discussions with management, and the external auditors of significant issues regarding accounting principles, practices and judgements.
3. Ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in paragraph 2 above and periodically assess the adequacy of those procedures.
  4. Be responsible for reviewing the disclosure contained in the Corporation's annual information form as required by Form 52-110F1 *Audit Committee Information Required in an AIF*, attached to NI 52-110. If proxies are solicited for the election of directors of the Corporation, the Audit Committee shall be responsible for ensuring that the Corporation's information circular includes a cross-reference to the sections in the Corporation's annual information form that contains the information required by Form 52-110F1.
  5. Ensure the preparation and filing of each annual certificate in Form 52-109F1 and each interim certificate in Form 52-109F2 to be signed by each of the CEO and CFO of the Corporation in accordance with the requirements set forth under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*, as amended from time to time ("**NI 52-109**").
  6. Oversee the establishment of a procedure to ensure the accuracy of the matters certified by the Corporation's certifying officers as required under NI 52-109 and make reasonable inquiries to ensure that interim and annual filings are true and accurate in all material respects, do not omit to state a material fact or contain any misrepresentations and ensure that all necessary information as required under NI 52-109 is disclosed in the Corporation's interim and annual filings.
  7. In consultation with management, and the external auditors, consider the integrity of the Corporation's financial reporting processes and controls and the performance of the Corporation's internal financial accounting staff; discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures; and review significant findings prepared by the external auditors together with management's responses.
  8. Meet separately with each of management, and the external auditors to discuss difficulties or concerns, specifically: (i) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management; and (ii) any changes required in the planned scope of the audit, and report to the Board on such meetings.
  9. Discuss with management and the external auditors any proposed changes in major accounting policies, standards or principles, the presentation and impact of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting.
  10. Discuss with management the effect of any off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Corporation's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues and expenses.
  11. Review with management and the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues.

12. Review any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management.
13. Confirm through discussions with management and the external auditors that GAAP and all applicable laws or regulations related to financial reporting and disclosure have been complied with.
14. Review any actual or anticipated litigation or other events, including tax assessments, which could have a material current or future effect on the Corporation's financial statements, and the disclosure of such in the financial statements.
15. Conduct an annual performance evaluation of the Audit Committee.

#### Oversight in Respect of Risk Management

Pursuant to the requirements of NI 52-110 and other applicable laws, the Audit Committee will:

1. Review and monitor the principal risks that could affect the financial reporting of the Corporation.
2. Monitor the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting compliance.
3. Provide an avenue of communication among the external auditors, management and the Board.

#### Oversight in Respect of Internal Controls

Pursuant to the requirements of NI 52-110 and other applicable laws, the Audit Committee will:

1. Establish procedures for: (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential and anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
2. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
3. The Audit Committee will be responsible for ensuring that management regularly evaluates the effectiveness of the Corporation's disclosure controls and procedures and causes the Corporation to disclose its conclusions about the effectiveness of the disclosure controls and procedures in accordance with all applicable legal and regulatory requirements. The terms "annual filings," "interim filings," "disclosure controls and procedures" and "internal control over financial reporting" shall have the meanings set forth under NI 52-109.
4. Monitor the quality and integrity of the Corporation's system of internal controls, disclosure controls and management information systems through discussions with management and the external auditors.
5. Be responsible for monitoring any changes in the Corporation's internal controls over financial reporting and for ensuring that any change that occurred during the Corporation's most recent interim period that has materially affected, or is reasonably likely to materially affect, the



Corporation's internal controls over financial reporting is disclosed in the Corporation's most recent annual or interim management's discussion and analysis.

6. Oversee investigations of alleged fraud and illegality relating to the Corporation's finances and any resulting actions.
7. Review and discuss with the CEO and CFO the procedures undertaken in connection with the CEO and CFO certifications for the annual and/or interim filings with applicable securities regulatory authorities.
8. Review disclosures made by the CEO and CFO to the Corporation during their certification process for annual and/or interim financial statements with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which adversely affect the Corporation's ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving management or other employees of the Corporation who have a significant role in the Corporation's internal controls.
9. Review or satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted from the Corporation's financial statements and periodically assess the adequacy of those procedures.

#### Oversight in Respect of External Auditors

Pursuant to the requirements of NI 52-110 and other applicable laws, the Audit Committee will:

1. Advise the external auditors of their accountability to the Audit Committee and the Board as representatives of the shareholders of the Corporation to whom the external auditors are ultimately responsible. The external auditors shall report directly to the Audit Committee. The Audit Committee is directly responsible for overseeing the work of the external auditors, shall review at least annually the independence and performance of the external auditors and shall annually recommend to the Board the appointment of the external auditors or approve any discharge of auditors when circumstances warrant.
2. Approve the fees and other compensation to be paid to the external auditors.
3. Pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditors and all related terms of engagement.
4. On an annual basis, review and discuss with the external auditors all significant relationships they have with the Corporation that could impair the auditors' independence and obtain a report describing all relationships between the external auditors and the Corporation.
5. Review the external auditors audit plan and discuss scope, staffing, locations, and reliance upon management and general audit approach.
6. Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
7. Be responsible for the resolution of disagreements between management and the external auditors.

8. Ensure that the external auditors are participants in good standing with the Canadian Public Accountability Board ("CPAB") in accordance with National Instrument 52-108 Auditor Oversight and participate in the oversight programs established by the CPAB from time to time and that the external auditors have complied with any restrictions or sanctions imposed by the CPAB as of the date of the applicable auditor's report relating to the Corporation's annual audited financial statements.
9. When there is to be a change of external auditors, review all issues and provide documentation related to the change, including the information to be included in the Notice of Change of Auditor and documentation required pursuant to National Instrument 51-102 Continuous Disclosure Obligations (or any successor instrument) of the Canadian Securities Administrators and the planned steps for an orderly transition period.
10. Review all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of external auditors.

#### Oversight in Respect of Other Items

Pursuant to the requirements of NI 52-110 and other applicable laws, the Audit Committee will:

1. Review with management at least annually the financing strategy and plans of the Corporation.
2. Review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process.
3. Enquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters which are directed to the Committee by any member of the Board, a shareholder of the Company, the external auditors or management.
4. Review and reassess the adequacy of the Audit Committee's mandate at least annually and submit the mandate to the Board for approval.
5. On at least an annual basis, review, with the Corporation's counsel, any legal matters that could have a significant impact on the Corporation's financial statements, the Corporation's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.
6. Perform any other activities consistent with this mandate, the Corporation's by-laws, and other governing law as the Audit Committee or the Board deems necessary or appropriate.
7. Maintain minutes of meetings and periodically report to the Board on significant results of the foregoing activities.

#### **Communication, Authority to Engage Advisors and Expenses**

The Audit Committee shall have direct access to such officers and employees of the Corporation, to the Corporation's external auditors and to any other consultants or advisors, as well as to such information respecting the Corporation as it considers necessary to perform its duties and responsibilities.

Any employee may bring before the Audit Committee, on a confidential basis, any concerns relating to matters over which the Audit Committee has oversight responsibilities.

The Audit Committee has the authority to engage the external auditors, independent counsel and other advisors as it determines necessary to carry out its duties and to set the compensation for any auditors, counsel and other advisors, such engagement to be at the Corporation's expense. The Corporation shall be responsible for all other expenses of the Audit Committee that are deemed necessary or appropriate by the Audit Committee in order to carry out its duties.

Adopted by the Board of the Corporation.