Dominion Lending Centres Inc.

2024 Annual Management Discussion & Analysis

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This Management's Discussion and Analysis ("MD&A") contains important information about the results of operations of Dominion Lending Centres Inc. ("we", "our", or the "Corporation") for the year ended December 31, 2024, as well as information about our financial condition and future prospects. We recommend reading this MD&A, which has been prepared as of March 27, 2025, in conjunction with the 2024 audited annual consolidated financial statements ("financial statements"). These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Unless otherwise indicated, all amounts are presented in Canadian dollars.

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

The Corporation's class A common shares ("Common Shares") trade on the Toronto Stock Exchange (the "Exchange" or "TSX") under the symbol "DLCG". Continuous disclosure materials are available on our website at www.dlcg.ca, and on SEDAR+ at www.sedarplus.com.

OVERVIEW OF OUR BUSINESS

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

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

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

The Corporation's ownership interests remain consistent with the ownership interests held as at December 31, 2023.

The Corporation previously had series 1 class B preferred shares (the "Preferred Shares") issued and outstanding which shares were non-voting, non-convertible, and were not publicly traded. On December 17, 2024, the Corporation acquired (the "Preferred Share Acquisition") all of the issued and outstanding Preferred Shares in exchange for 30,500,000 Common Shares and cash payment of $15.0 million. Following the completion of the Preferred Share Acquisition, there are no Preferred Shares outstanding and 78,724,438 Common Shares issued and outstanding.

On October 2, 2024, the date of the Preferred Share Acquisition was announced, the Common Share trading price was $4.35. The fair value of share consideration granted for the Preferred Share Acquisition was $240.6 million using the December 17, 2024 closing Common Share price of $7.89. The difference between the fair value of consideration granted and the book value of the Preferred Shares was recognized as a loss on acquisition, recognized on the condensed consolidated statements of (loss) income within finance expense on the Preferred Share liability.

On June 14, 2024, the Corporation acquired a 70% majority and voting interest of the issued shares in Broker Financial Group Inc. ("BFG") for consideration of $3.0 million cash and $0.5 million earn-out consideration. BFG has two wholly-owned subsidiaries: Real Mortgage Associates Inc., (which is a mortgage brokerage); and Broker One Inc. (which is a mortgage brokerage network). The results for BFG and its subsidiaries have been consolidated into the financial statements from the acquisition date.

Mortgage Brokerage Franchising (DLC, MA, and MCC)

The DLC Group is one of Canada's leading networks of mortgage professionals. The mortgage brokerage franchisor business of DLC is carried on under the DLC, MA, and MCC brands and has operations across Canada. The mortgage brokerage business's extensive network includes over 8,500 agents and $67.4 billion in mortgage origination during the year ended December 31, 2024 ($56.5 billion for the year ended December 31, 2023). The business' franchise model provides secure long-term relationships with mortgage professionals, and the Corporation provides training, technology, marketing, recruitment, and operational support to its franchises and brokers.

Mortgage professionals provide services related to property purchases, mortgage refinances and renewals, credit lines, and other borrowing needs. Mortgage professionals originate mortgages but do not themselves lend money. The Corporation's agent growth is achieved both organically through ongoing recruiting efforts and by acquisitions, with a strong pipeline for future growth opportunities.

Newton Connectivity Systems Inc.

Newton is a financial technology company which provides a secure all-in-one operating platform in Canada called Velocity. Velocity connects mortgage brokers to lenders and various third parties. It provides end-to-end services to automate the entire mortgage application, approval, underwriting, and funding process, along with additional services to assist brokers with the management of their 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 and secure submission of mortgage applications and supporting documents to lenders, and underwriting platforms to deliver digital credit applications from brokers to lenders. Broker-facing products provide deal-management tools and services, including the ability to automatically manage the brokers' revenue and distributions through Velocity, with additional services to match lender-verified products to a client's criteria, and automation of the payroll process. Further, Newton provides services to third-party users through the Velocity platform, ranging from consumer credit reports to borrower banking information.

USE OF NON-IFRS FINANCIAL PERFORMANCE MEASURES

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

2024 FINANCIAL RESULTS

(in thousands, except per share and KPIs)	Three months ended Dec. 31, **2024**	2023	Change	Year ended Dec. 31, **2024**	2023	Change
Revenues	**$ 22,256**	$ 15,758	41%	**$ 76,753**	$ 62,517	23%
Income from operations	**8,453**	3,914	116%	**29,516**	18,311	61%
Adjusted EBITDA [1]	**10,248**	6,507	57%	**35,994**	24,420	47%
Adjusted EBITDA margin	**46%**	41%	5%	**47%**	39%	8%
Free cash flow attributable to common shareholders [1]	**4,354**	2,035	114%	**14,884**	7,459	100%
Net (loss) income [2]	**(138,755)**	(2,003)	NMF [5]	**(126,768)**	64	NMF [5]
Adjusted net income [1]	**3,021**	1,775	70%	**10,813**	6,748	60%
Diluted loss per Common Share[2]	**(2.63)**	(0.04)	NMF [5]	**(2.58)**	-	NMF [5]
Adjusted diluted earnings per Common Share [1]	**0.05**	0.04	25%	**0.21**	0.14	50%
Dividends declared per share	**$ 0.03**	$ 0.03	-	**$ 0.12**	$ 0.12	-
Funded mortgage volumes [3]	**19.6**	14.2	38%	**67.4**	56.5	19%
Number of franchises [4]	**514**	542	(5%)	**514**	542	(5%)
Number of brokers [4]	**8,663**	8,192	6%	**8,663**	8,192	6%
% of DLCG funded mortgage volumes submitted through Velocity	**76%**	65%	11%	**73%**	63%	10%

(1) Please see the Non-IFRS Financial Performance Measures section of this document for additional information.
(2) Net income for the three months and year ended December 31, 2024 includes $144.5 million and $149.1 million of non-cash finance expense on the Preferred Share liability (December 31, 2023 – $1.9 million and $9.9 million expense). Refer to the Preferred Shares section of this document.
(3) Funded mortgage volumes are presented in billions.
(4) The number of franchises and brokers are as at the respective period end date (not in thousands).
(5) The percentage change is not a meaningful figure.

The following are included in the above income from operations:

(in thousands)	Three months ended Dec. 31, **2024**	2023	Change	Year ended Dec. 31, **2024**	2023	Change
Direct costs	**$ 3,531**	$ 3,254	9%	**$ 10,821**	$ 10,429	4%
General and administrative	**8,930**	7,388	21%	**31,549**	30,060	5%
Share-based payments expense (recovery)	**276**	263	5%	**807**	(70)	NMF
Depreciation and amortization	**1,066**	939	14%	**4,060**	3,787	7%
Operating expenses	**$ 13,803**	$ 11,844	17%	**$ 47,237**	$ 44,206	7%

Other (expense) income, included in net income includes:

(in thousands)	Three months ended Dec. 31, **2024**	2023	Change	Year ended Dec. 31, **2024**	2023	Change
Finance expense	**$ (552)**	$ (820)	33%	**$ (2,624)**	$ (3,149)	17%
Finance expense on the Preferred Share liability	**(144,503)**	(1,931)	NMF	**(149,042)**	(9,922)	NMF
Income from equity-accounted investments	**(76)**	1,117	NMF	**251**	1,611	84%
Gain on disposal of an equity-accounted investment	**16**	-	100%	**697**	-	100%
Non-cash impairment of an equity-accounted investment	**-**	(3,390)	(100%)	**(198)**	(3,466)	94%
Other income	**360**	264	36%	**2,111**	802	(163%)
Other expense, net	**$ (144,755)**	$ (4,760)	NMF	**$ (148,805)**	$ (14,124)	NMF

During the three months and year ended December 31, 2024, revenues increased over the three months and year ended December 31, 2023 from higher Newton revenues, primarily due to an increase in Velocity adoption and lender contract renewals. In addition, revenue increased from an increase in mortgage brokers under a DLC corporately-owned franchise and from acquired corporately-owned franchises, contributing to higher revenues from brokering of mortgages. Further, our funded mortgage volumes increased during the three months and year ended when compared to 2023's equivalent periods, which contributed to increased revenues during those periods.

Income from operations increased from higher revenues but were partly offset by an increase in operating expenses during the three months and year ended December 31, 2024 when compared to the three months and year ended December 31, 2023. The increase in operating expenses is primarily from an increase in general and administrative costs from technology support and licensing costs and from advertising expenses. In addition, direct costs increased from higher franchise recruiting and support costs and share-based payments expense increased from additional RSUs granted in 2024.

The Corporation's adjusted net income, adjusted EBITDA, and adjusted EBITDA margins increased during the three months and year ended December 31, 2024 when compared to the three months and year ended December 31, 2023 from an increase in revenue partly offset by an increase in operating expenses. As the Corporation's operating expenses are largely fixed in nature and are not necessarily proportionate to changes in revenues, an increase in the Corporation's revenues has a more pronounced impact on adjusted net income, adjusted EBITDA, and adjusted EBITDA margins.

Net loss increased during the three months and year ended December 31, 2024, compared to the prior year periods. The increase in net loss during the three month and year ended is primarily from finance expense on the Preferred Share liability. The difference between the fair value of the consideration granted for the Preferred Share Acquisition and the book value of the Preferred Shares (which were accounted for on an amortized cost basis) was recognized as a loss on acquisition within finance expense on the Preferred Share liability (refer to the Preferred Shares section).

On April 25, 2024, the Corporation disposed of its 52% interest in Cape Communications International Inc. (operating as "Impact") for cash proceeds of $3.7 million. The proceeds from sale were used to fully repay the previously outstanding Junior Credit Facility. The $0.7 million gain on disposal of an equity-accounted investment for the year ended December 31, 2024 relates to cumulative amounts arising on foreign exchange translation of Impact that were previously recognized in other comprehensive income (loss) and were reclassified to income on the sale of Impact. Other income for the year ended December 31, 2024 includes $1.0 million related to reversal of the liquidation rights liability on the sale of Impact (refer to the Related Party Transactions section).

Free cash flow increased during the three months and year ended December 31, 2024, primarily from higher adjusted cash flows from operations from higher income from operations and lower maintenance CAPEX.

SUMMARY OF QUARTERLY RESULTS

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

(in thousands except per share amounts)	**Dec. 31, 2024**	**Sept. 30, 2024**	**Jun. 30, 2024**	**Mar. 31, 2024**	**Dec. 31, 2023**	**Sept. 30, 2023**	**Jun. 30, 2023**	**Mar. 31, 2023**
Funded mortgage volumes [1]	**19.6**	19.7	16.9	11.2	14.2	17.7	14.8	9.8
Revenues	**$22,256**	$22,073	$18,788	$13,636	$15,758	$19,578	$15,543	$11,638
Income from operations	**8,453**	10,215	7,380	3,468	3,914	8,879	4,188	1,330
Adjusted EBITDA [2]	**10,248**	12,218	8,532	4,996	6,507	10,116	5,158	2,639
Net (loss) income [3]	**(138,755)**	5,271	4,085	2,631	(2,003)	5,271	(3,157)	(47)
Adjusted net income [2]	**3,021**	3,754	2,599	1,439	1,775	3,115	1,660	198
Net (loss) income attributable to:								
Common shareholders [3]	**(138,980)**	5,190	4,033	2,627	(2,008)	5,269	(3,161)	(57)
Non-controlling interests	**225**	81	52	4	5	2	4	10
Adjusted net income attributable to: [2]								
Common shareholders	**2,796**	3,673	2,547	1,435	1,770	3,113	1,656	188
Non-controlling interests	**225**	81	52	4	5	2	4	10
Net (loss) earnings per Common Share:								
Basic	**(2.63)**	0.11	0.08	0.05	(0.04)	0.11	(0.07)	(0.00)
Diluted	**(2.63)**	0.11	0.08	0.05	(0.04)	0.11	(0.07)	(0.00)
Adjusted net earnings per Common Share: [2]								
Diluted	**0.05**	$0.08	$0.05	$0.03	$0.04	$0.06	$0.03	$0.00

(1) Funded mortgage volumes are presented in billions.
(2) Please see the Non-IFRS Financial Performance Measures section of this document for additional information.
(3) Net income for the three months ended December 31, 2024 includes $144.5 million of non-cash finance expense on the Preferred Share liability (three months ended September 30, 2024 includes $2.0 million expense, three months ended June 30, 2024 includes $2.7 million expense, and three months ended March 31, 2024 includes $0.2 million recovery). Refer to the Preferred Shares section of this document.

Quarterly trends and seasonality

For the three months ended December 31, 2024, revenues increased compared to the same prior year period due to an increase in funded mortgage volumes and higher Newton revenue. Revenue and funded mortgage volumes were relatively consistent compared to the three months ended September 30, 2024.

Income from operations and adjusted net income for the three months ended December 31, 2024 decreased over the three months ended September 30, 2024, primarily due to an increase in operating expenses. Operating expenses increased due to the timing of advertising expenditures and from higher personnel costs.

Net loss increased compared to the three months ended September 30, 2024, primarily due higher finance expense on Preferred Share liability from the loss on the Preferred Share Acquisition (refer to the Preferred Shares section).

OUTLOOK

The information in this section is forward-looking and should be read in conjunction with the Cautionary Note Regarding Forward-Looking Information section.

In 2025, we anticipate an increase in funded mortgage volumes and revenue through positive real estate market factors (such as more renewals and lower interest rates). Through our historical recruiting and retention initiatives and Velocity adoption we are well positioned to capitalize on these opportunities while ensuring long-term growth and stability.

From a market perspective, with interest rates trending downward and mortgage qualification rules easing, we anticipate an increase in demand. Other factors that will be increasingly favourable for mortgage holders include:

- recent changes to mortgage reforms for expanded eligibility for 30-year mortgage amortizations for first-time homebuyers and buyers of new builds;
- an increase in the price cap for insured mortgages; and
- new measures to allow mortgage holders to switch lenders at renewal without being subject to another mortgage stress test.

In addition, we anticipate a significant amount of mortgage renewals in 2025 and 2026 following the surge in mortgage transactions in 2020 and 2021 (followed by sharp interest rate increases), as many mortgages were secured during the pandemic at low rates and are now reaching their term.

Internally, we continue to focus on recruitment and retention of franchises and brokers and onboarding of brokers onto our connectivity platform 'Velocity'. Newton is focused on growing submission volumes through Velocity, extending Velocity's delivery channels, and increasing the number of third-party users. In addition, we continue to invest in our systems and processes to offer new tools to our network that will help brokers better serve and engage with their customers. We also have several new partnerships that will continue to position the DLC Group brands at the forefront of all mortgage and real estate transactions and will contribute to our referrals and deal flow.

The Corporation has partnered with a third-party to create a non-B20 lender called Heartwood Financial Group Inc. ("Heartwood"). Heartwood was organized in 2024 and established a management team in an effort to secure financing. The Corporation has committed to invest $5 million into Heartwood in exchange for a 50% initial equity interest. The Corporation will not be responsible for Heartwood's debts and Heartwood will operate independently from the DLC Group. Heartwood is expected to commence its lending business in Q2 2025. As of December 31, 2024, the Corporation has contributed $0.5 million to Heartwood.

Management anticipates that adjusted EBITDA margins will continue to improve as revenues increase. Adjusted EBITDA margins have increased during the three months and year ended December 31, 2024 when compared to the previous year periods because the Corporation's general and administrative expenses are relatively fixed and independent of movements in revenues. As a result, an increase in revenues results in growth in adjusted EBITDA margins.

During the year ended December 31, 2024, the Corporation declared and paid cash dividends of $0.12 per Common Share resulting in a dividend payment of $5.8 million (December 31, 2023 – $0.12 per Common Share for a total of $5.8 million). All dividends declared during the year were done so prior to the Preferred Share Acquisition. The Corporation expects that it will continue to pay a quarterly dividend.

LIQUIDITY AND CAPITAL RESOURCES

BALANCE SHEET SUMMARY

See the Liquidity section below for information on the changes in cash and working capital deficiency.

(in thousands, except shares outstanding)	As at December 31, 2024	December 31, 2023
Cash	**$ 4,732**	$ 5,614
Working capital deficiency	**(16,603)**	(10,616)
Total assets	**218,890**	218,107
Total loans and borrowings [(1)]	**30,718**	39,910
Total non-current liabilities	**44,406**	158,926
Total Preferred Share liability [(1)]	**-**	114,442
Shareholders' equity	**132,140**	25,697
Common Shares outstanding	**78,724,438**	48,227,238
Preferred Shares outstanding	**-**	26,774,054

(1) Net of debt issuance and transaction costs.

LIQUIDITY

(in thousands, except shares outstanding)	As at December 31, 2024	December 31, 2023
Cash	**$ 4,732**	$ 5,614
Trade and other receivables	**17,177**	14,999
Prepaid expenses and deposits	**2,267**	2,003
Bank indebtedness	**(5,176)**	-
Accounts payable and accrued liabilities	**(29,522)**	(19,155)
Loans and borrowing [(1)]	**(5,152)**	(5,902)
Deferred contract liability [(1)]	**(551)**	(620)
Lease obligation [(1)]	**(378)**	(373)
Preferred Share liability [(1)]	**-**	(7,182)
Working capital deficiency	**$ (16,603)**	$ (10,616)

(1) Current portion.

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

Our principal sources of liquidity are cash generated from our business operations and borrowings under credit facilities. Our primary uses of cash are for operating expenses, recruiting and support costs, debt repayment, and debt servicing costs. At this time, management expects to have sufficient liquidity to meet its short- and long-term objectives of meeting the Corporation's obligations as they come due.

The increase in working capital deficit from the comparative period is primarily due to utilizing cash and the Revolving Facility for the Preferred Share Acquisition, and to invest in intangible assets and business acquisitions. In addition, accounts payable and trade receivables increased due to timing of payments. Our credit facilities are discussed in greater detail in the Capital Resources section. Working capital may fluctuate from time to time based on seasonality or timing of the use of cash and cash resources to fund operations. The Corporation has credit facilities to support its operations and working capital needs and fluctuations. See the Capital Resources section.

As at December 31, 2024, we have several financial commitments (see Commitments under the Commitments and Contingencies section of this MD&A for further information), which will require that we have various sources of capital

to meet the obligations associated with these commitments. The Corporation expects to have sufficient liquidity, and we expect that we will be able to fund these commitments through existing financing and cash flows from operations.

SOURCES AND USES OF CASH

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

(in thousands)	Year ended December 31, 2024	2023
Cash provided by operating activities	**$ 37,202**	$ 16,989
Cash used in investing activities	**(4,195)**	(11,414)
Cash used in financing activities	**(33,889)**	(9,175)
Decrease in cash	**(882)**	(3,600)
Cash, beginning of period	**5,614**	9,214
Cash, end of period	**$ 4,732**	$ 5,614

Operating activities

(in thousands)	Year ended December 31, 2024	2023
Cash flow provided by operating activities	**$ 37,202**	$ 16,989
Changes in non-cash working capital and other non-cash items	**(4,929)**	4,378
Cash provided by operations, excluding changes in non-cash working capital and other non-cash items	**$ 32,273**	$ 21,367

Cash from operating activities, excluding non-working capital and other non-cash items, increased during the year ended December 31, 2024 when compared to the prior year period, primarily from an increase in income from operations from higher revenues driven by the increase in funded mortgage volumes and higher Newton revenue.

Investing activities

The cash used in investing activities for the year ended December 31, 2024 consisted primarily of investments in intangible assets of $6.8 million, investments in business acquisitions of $0.8 million (net of cash acquired), and contributions to equity-accounted investments of $0.5 million, partly offset by proceeds on the sale of Impact of $3.7 million and distributions from equity-accounted investments of $0.3 million.

The $0.5 million contribution to equity-accounted investments represents our initial 50% ownership investment in a non-B20 lender called Heartwood. The Corporation has a commitment to invest up to $5,000 to maintain an initial 50% ownership interest in Heartwood.

The cash used in investing activities for the year ended December 31, 2023 consisted primarily of investments in intangible assets of $11.8 million, which included payments of $3.4 million accrued at December 31 2022, partly offset by distributions from equity-accounted investments of $0.3 million and proceeds on the disposal of intangible assets of $0.1 million.

Financing activities

Cash used in financing activities for the year ended December 31, 2024 consisted primarily of cash consideration for the Preferred Share Acquisition of $15 million, repayments on debt of $9.4 million, dividends paid to the Preferred Shareholders of $7.3 million, dividends paid to common shareholders of $5.8 million, Common Shares purchased for the RSU Plan of $1.0 million, and lease payments of $0.5 million.

Cash used in financing activities for the year ended December 31, 2023 consisted primarily of dividends paid to the Preferred Shareholders of $5.6 million, dividends paid to Common Shareholders of $5.8 million, repayments on debt of $5.8 million, lease payments of $0.6 million, and repurchases under the normal course issuer bid ("NCIB") of $0.3 million, partly offset by draws on the Corporation's Senior Credit Facilities net of transactions costs of $8.9 million.

CAPITAL RESOURCES

Our capital structure is composed of total shareholders' equity, and loans and borrowings, less cash. The following table summarizes our capital structure as at December 31, 2024 and December 31, 2023.

(in thousands)		As at December 31, 2024		December 31, 2023
Loans and borrowings, net of debt issuance costs	**$**	**30,718**	$	39,910
Bank indebtedness		**5,176**		-
Less: cash		**4,732**		5,614
Net loans and borrowings	**$**	**31,162**	$	34,296
Shareholders' equity	**$**	**132,140**	$	25,697
Preferred Share liability	**$**	**-**	$	114,442

Loans and borrowings

(in thousands)		As at December 31, 2024		December 31, 2023
Bank indebtedness				
Revolving Facility	**$**	**5,176**	$	-
Bank indebtedness	**$**	**5,176**	$	-
Loans and borrowings				
Term Facility	**$**	**30,910**	$	36,062
Junior Credit Facility		**-**		4,200
		30,910		40,262
Debt issuance costs		**(192)**		(352)
Total loans and borrowings	**$**	**30,718**	$	39,910

The Corporation's loans and borrowings are composed of two senior credit facilities (collectively, the "Senior Credit Facilities") and previously a junior term credit facility (the "Junior Credit Facility"). On February 18, 2025, the Senior Credit Facilities term was extended from December 19, 2026, to February 18, 2030. The Junior Credit Facility was extinguished prior to maturity upon repayment earlier in 2024.

Quarterly financial covenants for all facilities include the requirement to maintain an adjusted total debt-to-EBITDA ratio of less than 2.75:1.00 and a fixed charge coverage ratio greater than 1.10:1.00. At December 31, 2024, the Corporation's adjusted total debt-to-EBITDA ratio and fixed charge coverage ratio were 0.79:1.00 and 2.94:1.00, respectively, and as such, the Corporation was in compliance with all such covenants.

Senior Credit Facilities

The Senior Credit Facilities comprise of a revolving working capital credit line (the "Revolving Facility") and a $36,062 term loan ("Term Facility"). On February 18, 2025, the Revolving Facility increased from $15,000 to $25,000. As at December 31, 2024, $5,152 of the Term Facility is classified as current (December 31, 2023 - $5,152) and $5,176 was drawn on the Revolving Facility.

Borrowings under the Senior Credit Facilities are composed of floating-rate advances or Term CORRA advances. Floating-rate advances bear interest at a rate equal to prime plus 0.00% to 0.50%. Term CORRA advances bear interest at a rate determined at the time of their renewal plus a credit fee of 1.75% to 2.25%.

Junior Credit Facility

On April 25, 2024, the Corporation disposed of its interest in Impact for cash proceeds of $3.7 million. The proceeds from sale were used to fully repay the Junior Credit Facility.

PREFERRED SHARES

On December 17, 2024, the Corporation completed the Preferred Share Acquisition in exchange for 30,500,000 Common Shares and cash payment of $15.0 million. The fair value of share consideration was $240.6 million using the December 17, 2024 share price of $7.89. The difference between the fair value of consideration and the book value of the Preferred Shares was recognized as a loss on acquisition, recognized on the condensed consolidated statements of loss within finance expense on the Preferred Share liability. Total transaction-related fees were $0.2 million and were applied against share capital as share issuance costs.

The Preferred Shares were a liability as the Corporation had an unavoidable obligation to pay dividends on the Preferred Shares in perpetuity. The holders of the Preferred Shares (the "Preferred Shareholders") were entitled to dividends equal to 40% of Core Business Distributable Cash ("Dividend Entitlement"), as defined in the Preferred Share terms.

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

The Corporation paid interim monthly cash dividends ("Interim Dividends") to the Preferred Shareholders in an amount determined by the Board of the Corporation that represented a good-faith estimate of the monthly instalment of the Dividend Entitlement, which may be more or less than the actual Dividend Entitlement based on seasonality of cash flows. During the year ended December 31, 2024, the Corporation paid Interim Dividends of $7.0 million to the Preferred Shareholders (December 31, 2023—$5.6 million). The actual Dividend Entitlement attributable to Preferred Shareholders during the year ended December 31, 2024 was $7.5 million (December 31, 2023—$6.0 million). The underpayment of $0.5 million is accrued as a dividend payable.

A summary of activity in the period is as follows:

	Number of Preferred Shares		Amount *(in thousands)*
Balance at December 31, 2023 [(1)]	26,774,054	$	114,442
Dividends paid [(2)]	-		**(7,297)**
Dividends payable [(3)]			**(542)**
Finance expense on the Preferred Share liability	-		**149,042**
Consideration for Preferred Share Acquisition	**(26,774,054)**		**(255,645)**
Balance at December 31, 2024 [(1)]	-	**$**	-

(1) Net of transaction costs.
(2) Includes $0.3 million paid as a true-up of the Dividend Entitlement related to the December 31, 2023 year end.
(3) Dividends payable were accrued and recognized as part of accounts payable and accrued liabilities

	Three months ended Dec. 31,				**Year ended Dec. 31,**			
(in thousands)		**2024**		2023		**2024**		2023
Accretion expense on the Preferred Share liability	**$**	**3,733**	$	4,418	**$**	**16,830**	$	17,226
Revaluation expense (recovery) on the Preferred Share liability		**766**		(2,487)		**(7,792)**		(7,304)
Loss on the Preferred Share Acquisition		**140,004**		-		**140,004**		-
Finance expense on the Preferred Share liability	**$**	**144,503**	$	1,931	**$**	**149,042**	$	9,922

SHARE CAPITAL

As of March 27, 2025 and December 31, 2024, the Corporation had 78,724,438 Common Shares outstanding (December 31, 2023—48,227,238) and nil Preferred Shares outstanding (December 31, 2023—26,774,054). As of March 27, 2025 and December 31, 2024, the Corporation had 327,100 and 265,258 Common Shares held in trust under the RSU Plan, respectively.

RSU plan

On April 15, 2024, the Corporation issued 421,444 RSUs to corporate board members and certain executives. The RSUs vest on April 15, 2027. The RSUs were issued pursuant to the restricted share unit plan approved by the Board on March 19, 2024 (the "RSU Plan"). The Corporation's RSU Plan provides RSUs to be settled on vesting in cash or by the delivery of Common Shares acquired in the market. Pursuant to the RSU Plan, holders are entitled to receive additional RSUs in lieu of dividends on each dividend payment date. As such, on December 31, 2024, there were 429,796 RSUs issued and outstanding.

An independent trustee purchases Common Shares in the open market and holds such shares until completion of the vesting period. The Common Shares purchased in the open market are initially recorded as a reduction to Share Capital. The grant date fair value of RSUs is recognized over the vesting period as share-based compensation expense, with a corresponding increase to Contributed Surplus. Upon vesting of awards, the related Contributed Surplus is reclassified to Share Capital.

Normal-course issuer bid

The Corporation implemented a NCIB on May 25, 2023. The NCIB had a twelve-month duration commencing on May 29, 2023 and ending on May 28, 2024. Under the NCIB, the Corporation was allowed to purchase up to 1,000,000 Common Shares, representing approximately 2% of the issued and outstanding Common Shares as at May 23, 2023. The NCIB expired on May 28, 2024 and was not renewed. During the year ended December 31, 2024, the Corporation made $9 thousand purchases under the NCIB.

COMMITMENTS AND CONTINGENCIES

COMMITMENTS

The following table summarizes the payments due in the next five years and thereafter in respect to our contractual obligations. See notes 9, 12, 13, and 24 of the financial statements for more information.

(in thousands)	Less than 1 year	1–3 years	4–5 years	After 5 years	Total
Accounts payable and accrued liabilities	$ 29,522	$ -	$ -	$ -	$ **29,522**
Loans and borrowings [(1)]	5,152	25,758	-	-	**30,910**
Long-term accrued liabilities	-	422	-	132	**554**
Leases [(2)]	226	191	83	-	**500**
	$ 34,900	$ 26,371	$ 83	$ 132	$ **61,486**

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

Service agreement

The Corporation has an agreement with a software development company to develop and support a customized mortgage application. The agreement is a related party transaction due to common management between the Corporation and the service provider. The service agreement was renewed in March 2023 with an initial expiry of March 2025. If the agreement is not terminated after the initial expiry, it automatically renews until March 2027.

Contingencies

In the normal course of operations, the Corporation may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings, and legal actions. The outcome of outstanding, pending, or future proceedings cannot be predicted with certainty. For claims where outcomes are not determinable, no provision for settlement has been made in the condensed consolidated financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

We did not have any off-balance sheet arrangements as at December 31, 2024 or March 27, 2025.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

FINANCIAL INSTRUMENTS

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

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

MARKET RISK

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

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are exposed to interest rate risk on our variable-rate loans and borrowings. A 1% change in the interest rates on the loans and borrowings would have had a $0.1 million decrease and $0.4 million decrease of income before tax for the three months and year ended December 31, 2024 (December 31, 2023—$0.1 million and $0.4 million decrease of income before tax).

CREDIT RISK

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

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

The Corporation's primary source of credit risk, therefore, relates to the possibility of franchisees, agents, or other customers not paying receivables. The Corporation manages its credit risk by performing credit risk evaluations on its franchisees and agents, and by monitoring overdue trade and other receivables. As at December 31, 2024, $0.3 million of our trade receivables were greater than 90 days outstanding (December 31, 2023—$0.3 million), and the provision for total expected credit losses as at December 31, 2024 was $0.4 million (December 31, 2023—$0.2 million). A decline in economic conditions, or other adverse conditions, could lead to reduced revenue and gross margin, and could impact the collectability of accounts receivable. The Corporation mitigates this risk by monitoring economic conditions and managing its customer credit risk.

The Corporation also has a source of credit risk related to the note receivable from the sale of Club16. The Corporation has managed this credit risk through mandatory monthly payments which commenced on August 1, 2023. A decline in

economic conditions, or other adverse conditions experienced by Club16, could impact the collectability of the Corporation's note receivable.

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

(in thousands)	As at December 31, 2024	December 31, 2023
Cash	**$ 4,732**	$ 5,614
Trade receivables, other receivables, and other assets	**17,853**	15,772
	$ 22,585	$ 21,386

LIQUIDITY RISK

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

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

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

BUSINESS RISKS AND UNCERTAINTIES

The following is a brief discussion of the factors which may have a material impact on our future business or financial performance. We are subject to several risks and uncertainties and those described below are not the only risks and uncertainties we face. Additional risks and uncertainties not currently known or which are currently deemed immaterial may also adversely impact future business or financial performance, and such impact may be material. Additional risk factors are also set out in our Annual Information Form dated March 27, 2025 (available on SEDAR+).

Canadian real estate market

The performance of the Corporation is dependent upon the number 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: regulations, 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 Group Franchisees and their ability to pay franchise fees to the DLC Group.

Economic and political conditions

The Corporation is 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 the Corporation's financial position. There can be no assurance that a change in economic conditions will not negatively affect the Corporation's financial position.

A host of factors beyond the Corporation'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 the Corporation's financial position.

Impact of tariffs

The impact to the Corporation's business in relation to changes in United States and Canada's import tariffs remains uncertain. The impact of tariffs could vary depending on the broader economic landscape and how these changes affect the housing market and consumer spending. Tariffs may impact the cost of goods, leading to potential fluctuations in interest rates or shifts in market conditions. The impact of these changes and the direct effects on our operations are difficult to predict.

Brand reputation

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

For multi-location franchise businesses such as the Corporation, 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 the DLC Group's other mortgage brokers, offices, or franchises. The risk of negative publicity is particularly great because the DLC Group is limited in the extent to which its franchises and mortgage brokers can be regulated on a real-time basis.

Lack of control over franchisees

The DLC Group's franchisees are independent business operators, and their mortgage brokers are usually independent contractors, and, as such, they are not employees of the DLC Group, and the Corporation 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, the DLC Group's image and reputation may suffer materially and adversely affect the Corporation'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 the DLC Group's image, reputation, and goodwill.

Adding DLC franchises / closure of DLC franchises

The DLC Group's ability to grow its revenue depends in part upon its 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 the DLC Group is unable to attract qualified franchisees, or if the franchisees are unable to attract new mortgage brokers, the Corporation may be adversely affected. The growth of the DLC Group'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 could reduce the Corporation'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 franchise operates. Any one of the above-mentioned factors could result in the loss of mortgage brokers, thus reducing the Corporation's revenues generated from mortgage fees.

Franchisee bad debts

DLC Group franchisees may suffer difficulties in paying their franchise fees and other obligations to the DLC Group 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 the Corporation.

Changes in laws and regulations

The Corporation is subject to a variety of laws and regulations. Future changes in federal, provincial, and municipal laws or regulations could potentially significantly escalate the cost of complying with them, which could have a negative impact on the Corporation's financial results. There can be no assurance that the legal, taxation, and regulatory environment within which the Corporation operates will not be changed in a manner which adversely impacts the Corporation.

Specifically, the DLC Group is affected by mortgage lending regulations, which are established by the Government of Canada and various provincial governments. 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 real estate industry and put downward pressure on the number of mortgage brokers operating in the industry, and the number and volume of mortgages that they fund, which would have a negative impact the Corporation's business.

Information technology and systems

The Corporation 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 record keeping (employment, accounting, tax, etc.), procurement, call center operations administration. The operation of these technologies and systems is dependent, in part, upon third-parties, for which there are no assurances of continued or uninterrupted availability and support by the applicable third-party vendors on commercially reasonable terms. The Corporation 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, the Corporation's information technologies and systems are expected to require refinements and enhancements on an ongoing basis, and the Corporation expects that advanced new technologies and systems will continue to be introduced. The Corporation 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, the Corporation may not achieve the benefits anticipated or required from any new technology or system, and the Corporation may not be able to devote financial resources to new technologies and systems in the future.

The Corporation 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 the Corporation's information technology systems were to fail and were unable to recover in a timely way, the Corporation 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

The Corporation and its 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 the Corporation or its franchisees could materially and adversely affect their respective financial condition and results of operations.

Competition risk

Competition is based on price, quality of products and services, lead times, and the range of services offered. Existing and/or new competitors may announce new products or enhancements that better meet the needs of customers or changing industry standards, or they may deeply discount the price of their products. Internet-based mortgage brokerage businesses are becoming more prevalent in the United States. The 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 the Corporation.

Dependence on management and directors

The Corporation’s success may depend upon the efforts, skill, and business contacts of key members of management and the Board. The Corporation’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 the Corporation.

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

From time to time, we will also need to identify and retain additional skilled management to efficiently operate our business. Recruiting and retaining qualified personnel is critical to our success, and there can be no assurance of our ability to attract or retain such personnel. If we are not successful in attracting and training qualified personnel, our ability to execute our business strategy could be affected, which could have a material and adverse impact on our profitability, results of operations, and financial condition.

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 the Corporation’s 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.

Potential conflicts of interest

Certain of our directors and officers are or may be, from time to time, involved in other financial investments and professional activities that may cause a conflict of interest with their duties to the Corporation. These include serving as directors, officers, advisors, or agents of other public and private companies, including companies involved in similar businesses to the Corporation or companies in which we may invest; managing investment funds; purchasing and selling securities; or investing and providing management counselling for other clients. Such conflicts may result in a material and adverse effect on our results of operations and financial condition.

Seasonality and variable cycles in results

The Corporation’s operating results generally vary from quarter to quarter because of seasonal fluctuations in our business. This seasonality is expected to continue, but there is no guarantee that operating results will follow past trends.

Complaints and litigation
The Corporation 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. The Corporation 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 the Corporation 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 the Corporation and/or the franchisees' performance. A judgment in excess of the Corporation'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 the Corporation, whether the allegations are true or not, and whether the Corporation or a franchisee is ultimately held liable.

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.

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 MD&A.

Disclosure Controls and Procedures ("DC&P") and Internal Control Over Financial Reporting ("ICFR")
Based on their inherent limitations, disclosure controls and procedures 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.

RELATED PARTY TRANSACTIONS

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

Preferred Share Acquisition
The Corporation completed the Preferred Share Acquisition (see Preferred Share section of this document) from one or more companies controlled by Gary Mauris, one or more companies controlled by Chris Kayat, and from certain other holders of Preferred Shares.

Property leases
The Corporation leases office spaces from related companies controlled by Chris Kayat and Gary Mauris, who are key members of the Corporation's management. During the year ended December 31, 2024, the total costs incurred under these leases were $0.3 million (December 31, 2023—$0.3 million). The lease terms mature in 2025.

The Corporation leases a condo in Toronto from a related company controlled by Chris Kayat and Gary Mauris, who are key members of the Corporation's management. During the year ended December 31, 2024, the total costs incurred under this lease was $0.1 million (December 31, 2023—$0.1 million). The lease term matures in 2025.

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

Administrative services
The Corporation has entered into an agreement with a software development company to develop and support a customized mortgage app that is partly owned by key management of the Corporation (Chris Kayat and Gary Mauris). Total fees charged for services under this agreement for the year ended December 31, 2024 were $0.9 million (December 31, 2023—$0.9 million).

Other
The Corporation had an agreement with a shareholder of Impact (Keith Kostek). The agreement was related to liquidation rights, and if a liquidation event occurs, the Corporation had a possible commitment to pay $1.0 million to this shareholder. As discussed in the Outlook section, on April 25, 2024 the Corporation sold its investment in Impact. As the liquidation rights clause was not in effect on the closing date, the related liability of $1.0 million was reversed and recognized as 'other income' in the condensed consolidated statement of income.

Key management compensation

During the year ended December 31, 2024, $0.2 million was paid to the Board of Directors, which is included within general and administrative expenses (December 31, 2023—$0.3 million).

Key management personnel is composed of members of the Board of Directors and fourteen executives considered key management of the Corporation. Their compensation is as follows:

	Year ended December 31,	
(in thousands)	**2024**	2023
Salaries and benefits	**$ 5,437**	$ 5,828
Share-based payments expense (recovery)	**751**	(70)
	$ 6,188	$ 5,758

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Areas that require management to make significant estimates, judgments and assumptions are as follows.

Intangible assets

Management has concluded that the DLC Group brand names have an indefinite useful life. This conclusion was based on many factors, including the Corporation's ability to continue to use the brands and the indefinite period over which the brand names are expected to generate positive cash flow. The determination that the brands have an indefinite useful life involves judgement, which could have an impact on the amortization charge recorded in the consolidated statement of income. For each class of intangible assets with finite lives, management must decide the period over which it will consume the assets' future economic benefits. The determination of a useful-life period involves judgement, which could have an impact on the amortization charge recorded in the consolidated statement of income.

Impairment of goodwill and intangible assets

Goodwill and indefinite-life intangible assets are not amortized. Goodwill and indefinite-life intangible assets are assessed for impairment on an annual basis, or when indicators of impairment are identified, by comparing the carrying amount of the asset to its recoverable amount, which is calculated as the asset's fair value less cost of disposal. Fair value

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

Finite-life intangible assets are assessed for indicators of impairment at the end of each reporting period. If indicators of impairment exist, the Corporation assesses whether the carrying amount of the asset is considered recoverable. An impairment loss is recorded when the carrying value exceeds its recoverable amount, which is calculated as the asset's fair value less cost of disposal. See note 8 of the Financial Statements.

ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements prepared for the year ended December 31, 2023.

SELECTED ANNUAL FINANCIAL INFORMATION

The following table summarizes selected annual information for 2024, 2023, and 2022.

	Year ended December 31,					
(in thousands, except per share amounts)		**2024**		**2023**		2022
Consolidated Statement of Income (Loss):						
Revenues	**$**	**76,753**	$	62,517	$	70,720
(Loss) income attributable to Common Shareholders		**(127,130)**		43		12,061
(Loss) earnings per Common Share:						
Basic	**$**	**(2.58)**	$	-	$	0.25
Diluted	**$**	**(2.58)**	$	-	$	0.25
Consolidated Statement of Financial Position Data:						
Total assets	**$**	**218,890**	$	218,107	$	223,937
Total long-term financial liabilities	**$**	**27,321**	$	143,816	$	139,002

Comparative 2023 and 2022 years

Revenues increased in the current year over the prior years from increased funded mortgage volumes and higher Newton revenues. Total assets decreased in the current year over the prior years primarily due to the reduction in cash from cash used in investing and financing activities and amortization of assets (see the Sources and Uses of Cash section for further details). Long-term financial liabilities decreased primarily from the Preferred Share Acquisition.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

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

- The 2025 outlook and strategic objectives;
- Our business plan and growth strategy;

- Our expectation that interest rates will continue to trend downward and mortgage qualification rules easing will result in an increase in demand;
- Our expectation that 2025 and 2026 will have a significant amount of mortgage renewals;
- Adding additional DLC Group franchises through recruiting activities;
- Newton growing its submission volumes through Velocity, extending Velocity's delivery channels, and increasing its number of third-party users;
- New partnerships will contribute to an increase in revenues from additional referrals and deal flow;
- Our expectation that our adjusted EBITDA margins will continue to improve throughout fiscal 2025, if revenues increase;
- Our expectation that Heartwood will commence its lending business in Q2 2025;
- Our expectation that the Corporation will continue to pay a quarterly dividend to common shareholders; and
- Management's ability to adjust cost structures to improve liquidity and cash flow to meet their expectations to have sufficient liquidity to meet our obligations as they come due.

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

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

- Changes in tax rates and legislation;
- Changes in operating, general and administrative, and other costs;
- Changes in interest rates;
- General business, economic, and market conditions;
- Impact and duration of tariffs or other trade actions;
- Our ability to obtain services and personnel in a timely manner and at an acceptable cost to carry out our activities;
- The DLC Group's ability to maintain its existing number of franchisees and add additional franchisees;
- Newton's ability to grow its connectivity platform submission volumes and number of third-party users;
- Changes in Canadian mortgage lending and mortgage brokerage laws and regulations;
- Material changes in the aggregate Canadian mortgage lending marketplace;
- Changes in the fees paid for mortgage brokerage services in Canada;
- Changes in the regulatory framework for the Canadian housing and lending sectors;
- Changes in demand for the Corporation's products;
- The uncertainty of estimates and projections relating to future revenue, taxes, costs, and expenses;
- Changes in, or in the interpretation of, laws, regulations, or policies;
- The outcome of existing and potential lawsuits, regulatory actions, audits, and assessments; and
- Other risks and uncertainties described elsewhere in this document and in our other filings with Canadian securities authorities.

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS

The Corporation takes all necessary steps to ensure that material information regarding the Corporation's reports filed or submitted under securities legislation fairly presents the financial information of the Corporation. Management, including the Executive Chairman & Chief Executive Officer ("EC & CEO") and the Chief Financial Officer ("CFO") are responsible for establishing, maintain and evaluating disclosure controls and procedures ("DC&P") and internal controls over financing reporting ("ICFR"). Management has used the Committee of Sponsoring Organizations of the Treadway Commission Framework in Internal Controls – Integrated Framework (2013).

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

During the year ended December 31, 2024, there have not been any changes in the Corporation's ICFR that has materially affected or is reasonably likely to materially affect, the Corporation's ICFR.

DC&P

DC&P are designed to provide reasonable assurance that the information required to be disclosed in documents filed or submitted under securities legislation are recorded, processed, summarized, and reported on a timely basis. Management (including the EC & CEO and CFO) have assessed the design and effectiveness of our DC&P as at December 31, 2024 and have concluded that our DC&P are effective.

ICFR

Management (including the EC & CEO and CFO) has designed ICFR to provide reasonable assurance that the Corporation's financial reporting is reliable and that the Corporation's financial statement were prepared in accordance with IFRS. In making its assessment, management has used the Committee of Sponsoring Organizations of the Treadway Commission Framework in Internal Controls – Integrated Framework (2013) to evaluate the design and effectiveness of internal controls over financial reporting. Based on our evaluation, management has concluded that our ICFR were effective as at December 31, 2024.

NON-IFRS FINANCIAL PERFORMANCE MEASURES

ADJUSTED EBITDA

Adjusted EBITDA is defined as earnings before finance expense, taxes, depreciation, amortization, and any unusual, non-operating, certain non-cash, or one-time items. The Corporation considers its main operating activities to be the business of mortgage brokerage franchising and mortgage broker data connectivity services across Canada, and management of its operating subsidiaries.

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

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

Investors should be cautioned, however, that adjusted EBITDA should not be construed as an alternative to a statement of cash flows as a measure of liquidity and cash flows. The methodologies we use to determine adjusted EBITDA may differ from those utilized by other issuers or companies and, accordingly, adjusted EBITDA as used in this MD&A may

not be comparable to similar measures used by other issuers or companies. Readers are cautioned that adjusted EBITDA should not be construed as an alternative to net income determined in accordance with IFRS as an indicator of an issuer's performance or to cash flows from operating, investing, and financing activities as measures of liquidity and cash flows.

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

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

(in thousands)	Three months ended Dec. 31, **2024**	2023	Year ended Dec. 31, **2024**	2023
(Loss) income before income tax	**$ (136,302)**	$ (846)	**$ (119,289)**	$ 4,187
Add back:				
Depreciation and amortization	**1,066**	939	**4,060**	3,787
Finance expense	**552**	820	**2,624**	3,149
Finance expense on the Preferred Share liability	**144,503**	1,931	**149,042**	9,922
	9,819	2,844	**36,437**	21,045
Adjustments:				
Share-based payments expense (recovery)	**276**	263	**807**	(70)
Promissory note income	**(16)**	(35)	**(94)**	(151)
Gain on disposal of equity-accounted investment	**(16)**	-	**(697)**	-
Non-cash impairment of equity-accounted investments	**-**	3,390	**198**	3,466
Other expense (income) [(1)]	**185**	45	**(657)**	130
Adjusted EBITDA [(2)]	**$ 10,248**	$ 6,507	**$ 35,994**	$ 24,420

(1) Other expense (income) for the three months and year ended December 31, 2024 relates to the reversal of the liquidation rights liability on the sale of Impact (see the Related Party Transactions section of this document), foreign exchange loss, loss on contract settlement, and costs associated with the Preferred Share Acquisition. Other (income) expense for the three months and year ended December 31, 2023 relates to a loss on the disposal of an intangible asset), foreign exchange loss and loss on contract settlement.

(2) Amortization of franchise rights and relationships of $1.2 million and $5.1 million for the three months and year ended December 31, 2024, respectively (December 31, 2023 – $1.2 million and $4.9 million) is classified as a charge against revenue and has not been added back for adjusted EBITDA.

FREE CASH FLOW

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

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

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

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

(in thousands)	Three months ended Dec. 31, **2024**	2023	Year ended Dec. 31, **2024**	2023
Cash flow from operating activities	**$ 10,273**	$ 3,433	**$ 37,202**	$ 17,086
Changes in non-cash working capital and other non-cash items	**(2,000)**	1,426	**(4,929)**	4,378
Cash provided from operations excluding changes in non-cash working capital and other non-cash items	**8,273**	4,859	**32,273**	21,464
Adjustments:				
Distributions from equity-accounted investees	**-**	46	**285**	321
Maintenance CAPEX	**(580)**	(680)	**(4,929)**	(6,719)
Lease payments	**(40)**	(126)	**(382)**	(602)
Loss on contract settlement	**11**	9	**47**	67
NCI portion of cash provided from operations excluding changes in non-cash working capital	**(285)**	-	**(596)**	-
Other non-cash items [1]	**343**	(89)	**(545)**	(88)
	7,722	4,019	**26,153**	14,443
Free cash flow attributable to Preferred Shareholders [2]	**(3,368)**	(1,984)	**(11,269)**	(6,984)
Free cash flow attributable to common shareholders	**$ 4,354**	$ 2,035	**$ 14,884**	$ 7,459

(1) Other non-cash items for the three months and year ended December 31, 2024 relates to the reversal of the liquidation rights liability on the sale of Impact (see the Related Party Transactions section of this document), share-based payments on PSO plan, and promissory note income. The three months and year ended December 31, 2023 includes losses on disposal of an intangible asset.
(2) Free cash flow attributable to the Preferred Shareholders is determined based on free cash flow of the Core Business Operations (as defined in the Preferred Shares section of this document).

ADJUSTED NET INCOME AND ADJUSTED EPS

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

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

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

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

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

	Three months ended Dec. 31,		Year ended Dec. 31,	
(in thousands)	**2024**	2023	**2024**	2023
Net (loss) income	**$ (138,755)**	$ (2,003)	**$ (126,768)**	$ 64
Adjustments:				
Gain on sale of an equity-accounted investment	**(16)**	-	**(697)**	-
Non-cash impairment of equity-accounted investments	**-**	3,390	**198**	3,466
Finance expense on the Preferred Share liability [(1)]	**144,503**	1,931	**149,042**	9,922
Promissory note interest income	**(16)**	(35)	**(94)**	(151)
Other expense (income) [(2)]	**185**	45	**(657)**	130
Income tax effects of adjusting items	**(43)**	(3)	**(72)**	(7)
	5,858	3,325	**20,952**	13,424
Income attributable to Preferred Shareholders [(3)]	**(2,837)**	(1,550)	**(10,139)**	(6,676)
Adjusted net income	**3,021**	1,775	**10,813**	6,748
Adjusted net income attributable to common shareholders	**2,796**	1,770	**10,451**	6,727
Adjusted net income attributable to non-controlling interest	**225**	5	**362**	21
Diluted adjusted earnings per Common Share	**$ 0.05**	$ 0.04	**$ 0.21**	$ 0.14

(1) The Preferred Share liability is revalued at the end of each reporting period to reflect our most recent outlook and forecast. Refer to the Preferred Shares section of this document.
(2) Other expense (income) for the three months and year ended December 31, 2024 relates to the reversal of the liquidation rights liability on the sale of Impact (see the Related Party Transactions section of this document), foreign exchange loss, loss on contract settlement, and costs associated with the Preferred Share Acquisition. Other expense for the three months and year ended December 31, 2023 relates to a loss on the disposal of intangible assets.
(3) Adjusted net income attributable to the Preferred Shareholders is determined based on adjusted net income of the Core Business Operations (as defined in the Preferred Shares section of this document).