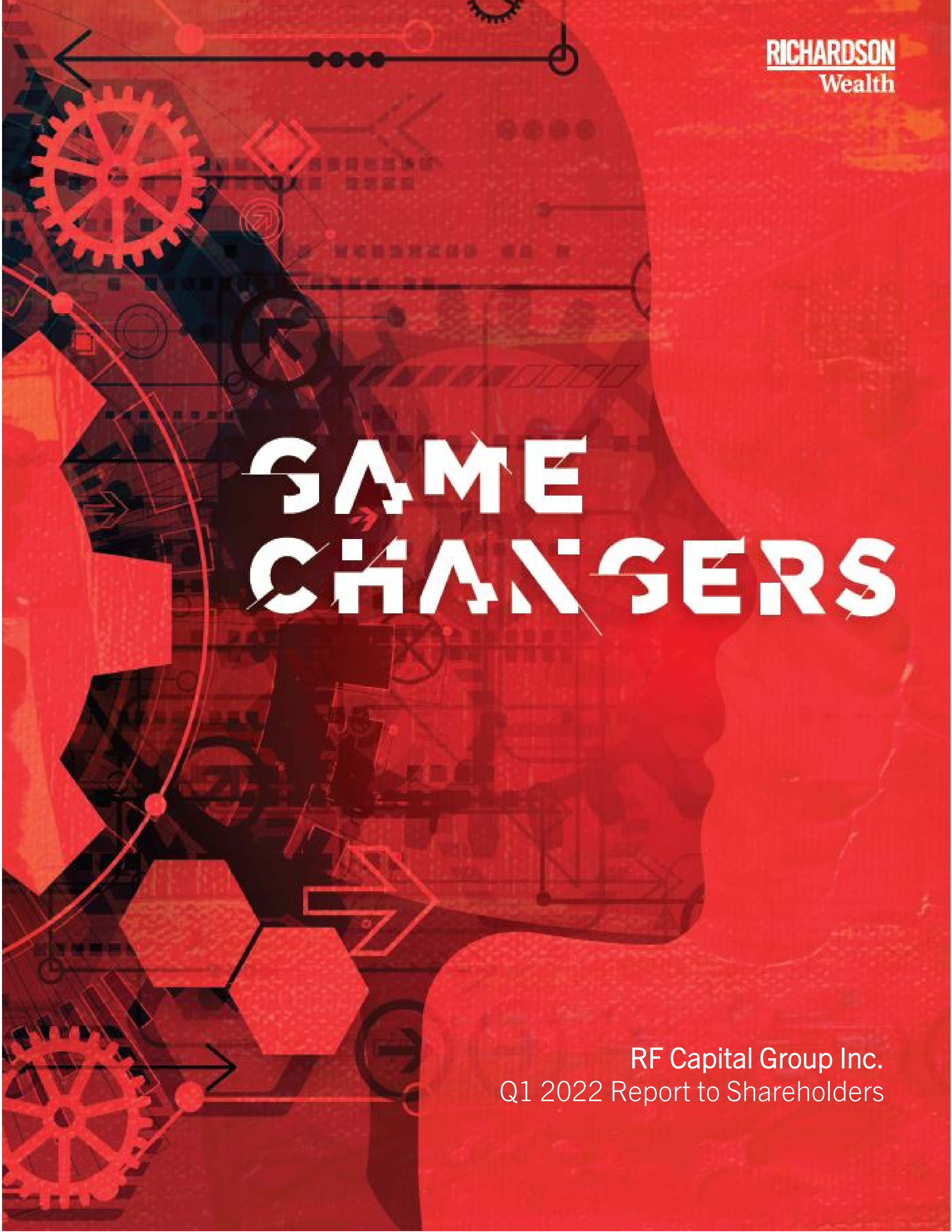

RICHARDSON Wealth

GAME CHANGERS

RF Capital Group Inc.

Q1 2022 Report to Shareholders

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CEO MESSAGE

Kish Kapoor
President and CEO

Q1 2022 marked the beginning of our second year operating as Richardson Wealth.

We ended the quarter with record AUA[1] of $37 billion and a record $68 million in fee revenue, up significantly from $33 billion and $58 million a year ago, respectively. These strong results were offset by a $6 million year over year decline in transaction-based and corporate finance revenues due primarily to an industry wide decline in financing activities caused by market volatility, geo-political uncertainty, and other economic factors. The combined impact of these changes saw our Adjusted EBITDA[2] drop from $12.1 million last year to $11.1 million this year.

As markets stabilize, we expect our strong recurring fee revenue business to be supported by improvements in our corporate finance and transaction-based volumes. We also expect to build on record results in our insurance business this quarter and earn higher interest income in future quarters as rates rise.

On a strategic level, we continue to make progress on our “big rock” initiatives for the year. Our rollout of the Envestnet portfolio management solution has entered its pilot phase and we are excited about the firm-wide launch in early summer. Our Fidelity implementation is also moving forward nicely, with platform conversion expected later this fall.

On the corporate development front, our recruiting pipeline[3] has grown by $2 billion and stands at $18 billion today. While market volatility delayed advisor moves this quarter, we anticipate adding several advisors in Q2 and more in the back half of the year.

We also published our 2021 Annual Report in April, which highlights the substantial progress we made over the past year in transforming our business for the long-term and the ambitious priorities that we have set for this year. I encourage you all to read it. In addition, we completed the consolidation of our common shares and announced our intention to buy back up to 10% of our public float. These initiatives, combined with the work we are doing to build our foundation, are designed to help us create long-term value for our shareholders. While the current share price is a source of much disappointment to all of us, we are confident that, as we deliver on our promises, the demand for our shares and share price should both increase and better reflect the long-term value we are creating.

In the meantime, thank you for your patience and support.

Sincerely,

Kish Kapoor

[1] AUA is a measure of client assets and is common to the wealth management business. It represents the market value of client assets managed and administered by us from which we earn commissions and fee revenue.

[2] Considered to be non-GAAP or supplemental financial measures, which do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the “Non-GAAP and Supplemental Financial Measures” section at the end of this MD&A.

[3] Represents conversation with advisors that have advanced beyond a certain probability threshold, and is a measure that management uses to assess outside advisors’ interest in our firm. We expect to convert only a portion of this pipeline.

About this Management's Discussion and Analysis

The purpose of this management's discussion and analysis (MD&A) is to help readers understand the consolidated financial condition and results of the consolidated operations of RF Capital Group Inc. (the Company), including its wholly-owned subsidiary Richardson Wealth Limited (Richardson Wealth), as at and for the three months ended March 31, 2022.

This MD&A, dated May 3, 2022, should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes as at and for the three months ended March 31, 2022 (First Quarter 2022 Financial Statements). This document as well as additional information relating to the Company, including our annual MD&A (2021 Annual MD&A), our audited consolidated financial statements and related notes as at and for the year ended December 31, 2021 (2021 Annual Financial Statements), and our latest annual information form (AIF), can be accessed at *www.rfcapgroup.com* and under our profile at *www.sedar.com*, and are incorporated by reference herein.

This MD&A refers to certain non-GAAP and supplemental financial measures (including non-GAAP ratios), which management believes are useful in assessing the Company's financial performance. Readers are cautioned that these measures do not have any standard meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information related to adjusted results and a reconciliation to their nearest IFRS measures, please read the "Non-GAAP and Supplemental Financial Measures" at the end of this MD&A.

Unless otherwise specified herein, financial results contained in this MD&A, including related historical comparatives, are based on our First Quarter 2022 Financial Statements, which management has prepared in accordance with International Financial Reporting Standards (IFRS).

Certain prior year amounts have been reclassified to correspond to the current period presentation.

Our Board of Directors (Board) has approved this document.

Forward-Looking Information

This MD&A contains forward-looking information as defined under applicable Canadian securities laws. This information includes, but is not limited to, statements concerning objectives and strategies to achieve those objectives, as well as statements made with respect to management's beliefs, plans, estimates, projections and intentions and similar statements concerning anticipated future events, results, circumstances, performance, or expectations that are not historical facts. Forward-looking information generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue", or similar expressions suggesting future outcomes or events. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement.

The forward-looking statements included in this MD&A, including statements regarding our normal course issuer bid (NCIB) and common share consolidation, the nature of our growth strategy going forward and execution of any of our potential plans, are not guarantees of future results and involve numerous risks and uncertainties that may cause actual results to differ materially from the potential results discussed or anticipated in the forward-looking statements, including those described in this MD&A and our AIF. Such risks and uncertainties include, but are not limited to, market, credit, liquidity, operational and legal and regulatory risks, and other risk factors, including variations in the market value of securities, dependence on key personnel and sustainability of fees.

In addition, other factors, such as general economic conditions, including interest rate and exchange rate fluctuations, and natural disasters, or other unanticipated events (including the novel coronavirus and variants thereof (COVID-19) pandemic) may also influence our results of operations. For a description of additional risks that could cause actual results to differ materially from current expectations, see the "Risk Management" and "Risk Factors" sections in our 2021 Annual MD&A.

Although we attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information.

Certain statements included in this MD&A may be considered a "financial outlook" for purposes of applicable Canadian securities laws. The financial outlook may not be appropriate for purposes other than this MD&A.

Forward-looking information contained in this MD&A is:

- based on management's reliance on certain assumptions it considers reasonable; however, there can be no assurance that such expectations will prove correct. As such, readers should not place undue reliance on the forward-looking statements and information contained in this MD&A. When relying on forward-looking statements to make decisions, readers should carefully consider the foregoing factors, the list of which is not exhaustive;

- made as of the date of this MD&A and should not be relied upon as representing our view as of any date subsequent to the date of this MD&A. Except as required by applicable law, our management and Board undertake no obligation to update or revise any forward-looking information publicly, whether as a result of new information, future events or otherwise; and

- expressly qualified in its entirety by the foregoing cautionary statements.

Disclosure Enhancements Effective Q1 2022

Revenue Recategorization

We revised the presentation of our financial results this quarter to recategorize certain revenue items. This change, which only affects the presentation of revenue, aligns with how we assess the performance of our business. It will also help investors better understand our revenue generation activity and key revenue drivers. Comparative periods have been realigned to conform to the current period presentation. Total revenue is unchanged in all periods.

The new revenue categories are presented below and contrasted with our previous presentation:

New Revenue Categorization
Wealth management
Corporate finance
Interest
Other income
Total Revenue

Previous Revenue Categorization
Investment management and fee income
Commissions
Interest
Other income
Total Revenue

Description of Revenue Sources

Wealth management – includes account fees, mutual fund trailer fees, trading commissions and other client charges

Corporate finance – includes fees earned in connection with the placement of new issues and structured notes through our proprietary retail distribution network and third-parties

Interest – includes interest earned on margin loans and our cash positions as well as fees for securities lending (unchanged from previous presentation)

Other income – includes revenue earned on the sale of insurance products, carrying broker and administrative services, foreign exchange, and various other services

Simplifying our Reporting

Commencing Q1 2022, we are no longer providing supplemental financial information for Richardson Wealth as our consolidated and segmented financial results are now comparable with those of the prior year. Q1 2021 was the first full quarter that we included Richardson Wealth's financial results on a fully consolidated basis following its acquisition by us in October 2020.

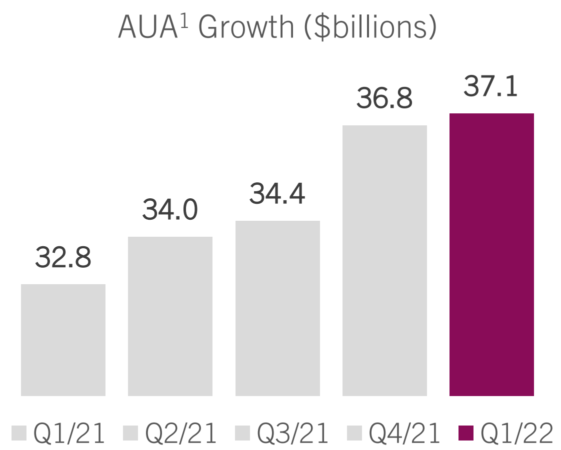
Q1 2022 - Select Financial Information

($000's, except as otherwise indicated)	Three months ended March 31, 2022	2021	Increase/(decrease) $	%
Key Performance Drivers - Wealth Management Segment				
AUA - ending ($ millions)[1]	37,084	32,769	4,315	13
Fee revenue	67,890	57,634	10,256	18
Fee based revenue (%)[2]	89	81	8	10
Adjusted EBITDA[3]	13,079	14,546	(1,467)	(10)
Adjusted EBITDA margin (%)[3]	14.7	17.4		(265) bps
Asset yield (%)[3,4]	0.83	0.84		(1) bps
Operating Performance - Consolidated				
Reported Results:				
Revenue	88,760	83,662	5,098	6
Variable advisor compensation	40,839	35,474	5,365	15
Gross margin[5]	47,921	48,188	(267)	(1)
Operating expenses[3,6]	38,412	43,700	(5,288)	(12)
EBITDA[3]	9,509	4,488	5,021	112
Income/(loss) before income taxes	(3,177)	(7,885)	4,708	60
Net income/(loss)	(3,147)	(7,475)	4,328	58
Adjusting Items[7]:				
Transformation costs and other provisions, and amortization of acquired intangibles (pre-tax)	4,806	10,893	(6,087)	(56)
Transformation costs and other provisions, and amortization of acquired intangibles (after-tax)	3,540	8,541	(5,001)	(59)
Adjusted Results:				
Operating expenses[3,6]	36,870	36,070	800	2
EBITDA[3]	11,051	12,118	(1,067)	(9)
Income/(loss) before income taxes[3]	1,629	3,008	(1,379)	(46)
Net income/(loss)[3]	393	1,066	(673)	(63)
Select balance sheet information:				
Total assets	2,447,197	2,291,113	156,084	7
Term debt[8]	110,922	109,494	1,428	1
Shareholders' equity	351,131	371,416	(20,285)	(5)
Net working capital[3]	106,648	95,758	10,890	11
Common share information:				
Book value per common share ($)	15.10	16.26		
Closing share price ($)	17.30	21.10		
Common shares outstanding[9] (millions)	15.8	15.9		
Common share market capitalization ($millions)	274	336		

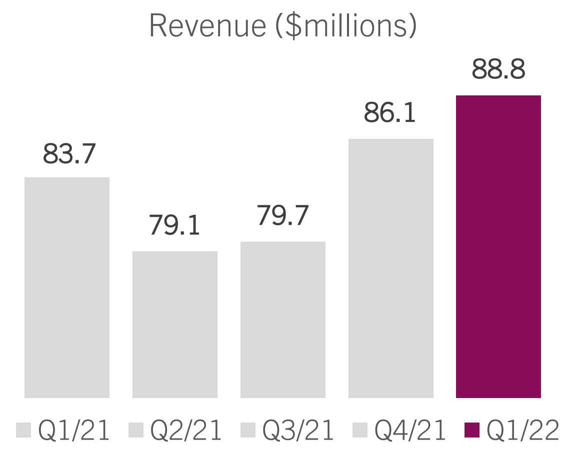
1. AUA is a measure of client assets and is common to the wealth management business. It represents the market value of client assets managed and administered by us from which we earn commissions and fee revenue.
2. Calculated as fee revenue divided by commissionable revenue in our Wealth Management segment. Commissionable revenue includes Wealth management revenue, commission revenue in connection with the placement of new issues and revenue earned on the sale of insurance products. We use commissionable revenue to evaluate advisor compensation paid on that revenue.
3. Considered to be non-GAAP or supplemental financial measures, which do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the "Non-GAAP and Supplemental Financial Measures" section at the end of this MD&A.
4. Calculated as Wealth management revenue plus interest on cash divided by average AUA
5. Gross margin is calculated as revenue less advisor variable compensation. We use gross margin to measure operating profitability on the revenue that accrues to the Company after making advisor payments that are directly linked to revenue.
6. Calculated as adjusted operating expenses divided by gross margin. Operating expenses include employee compensation and benefits, selling, general and administrative expenses, and transformation costs and other provisions. Adjusted operating expenses are calculated as operating expenses less transformation costs and other provisions.
7. For further information, please see "Q1 2022 – Items of Note" in this MD&A
8. Term debt includes revolving credit facility and preferred share liability (2022), and subordinated debt, promissory note, and preferred share liability (2021)
9. On March 25, 2022, we completed the consolidation of common shares on the basis of 10 pre-consolidation common shares for every 1 post-consolidation common share. Prior period has been revised to conform to current period presentation.

Q1 2022 - OPERATING HIGHLIGHTS

Record AUA[1]



Quarterly Revenue



Share Consolidation Completed

On the basis of ten pre-consolidation common shares for every one post-consolidation common share

Implemented NCIB

We are authorized to acquire up to 10% of our public float

Enhanced Digital Capabilities

Envestnet portfolio management solution has entered its pilot phase; firm-wide launch this summer

Q1 2022 Select Financial Highlights

$67.9 Million

Record quarterly recurring fee revenue in Q1/22

89%[2]

Fee revenue as a percentage of Q1 2022 commissionable revenue

$700 Million[3]

Net new and recruited assets added in Q1 2022

$2 Billion[4]

Growth in recruiting pipeline in 2022 to $18 billion

1. AUA is a measure of client assets and is common to the wealth management business. It represents the market value of client assets managed and administered by us from which we earn commissions and fee revenue.
2. Calculated as fee revenue divided by commissionable revenue in our Wealth Management segment. For further information, please see the "Non-GAAP and Supplemental Financial Measures" section at the end of this MD&A.
3. Represents organic growth in AUA from existing advisors, excluding market appreciation, in addition to AUA from advisors we recruited
4. Represents conversation with advisors that have advanced beyond a certain probability threshold, and is a measure that management uses to assess outside advisors' interest in our firm. We expect to convert only a portion of this pipeline.

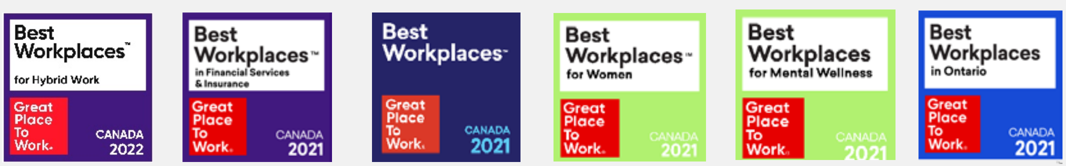
Business Overview

RF Capital is a wealth management-focused company. Our common and preferred shares trade on the Toronto Stock Exchange (TSX) under the following ticker symbols (TSX: RCG, RCG.PR.B). We operate under the Richardson Wealth and Patrimoine Richardson brands and are one of Canada's largest independent wealth management firms, with total assets under administration (AUA) of $35.9 billion (April 30, 2022). We have 160 advisor teams operating out of 20 offices in eight provinces, serving 31,000 high-net worth clients across Canada.

Richardson Wealth was founded almost two decades ago based on a belief that Canadians wanted an alternative to the banks for their wealth management needs. We are focused on delivering an exceptional service experience to our entrepreneurial advisors – our clients. Many of the nation's top advisors have joined our firm because their voices are heard, their diverse perspectives are valued, our open architecture and advisor-centric culture supports their success, and the name on the door is synonymous with integrity and excellence.

A GREAT PLACE TO WORK™

We strive to make our Company a great place to work for our advisors and employees. Independent recognition of our workplace environment inspires us to strive even harder. In Q1 2022, we were named a Best Workplace for Hybrid Work.



Our Vision

Our vision is as simple as it is powerful.

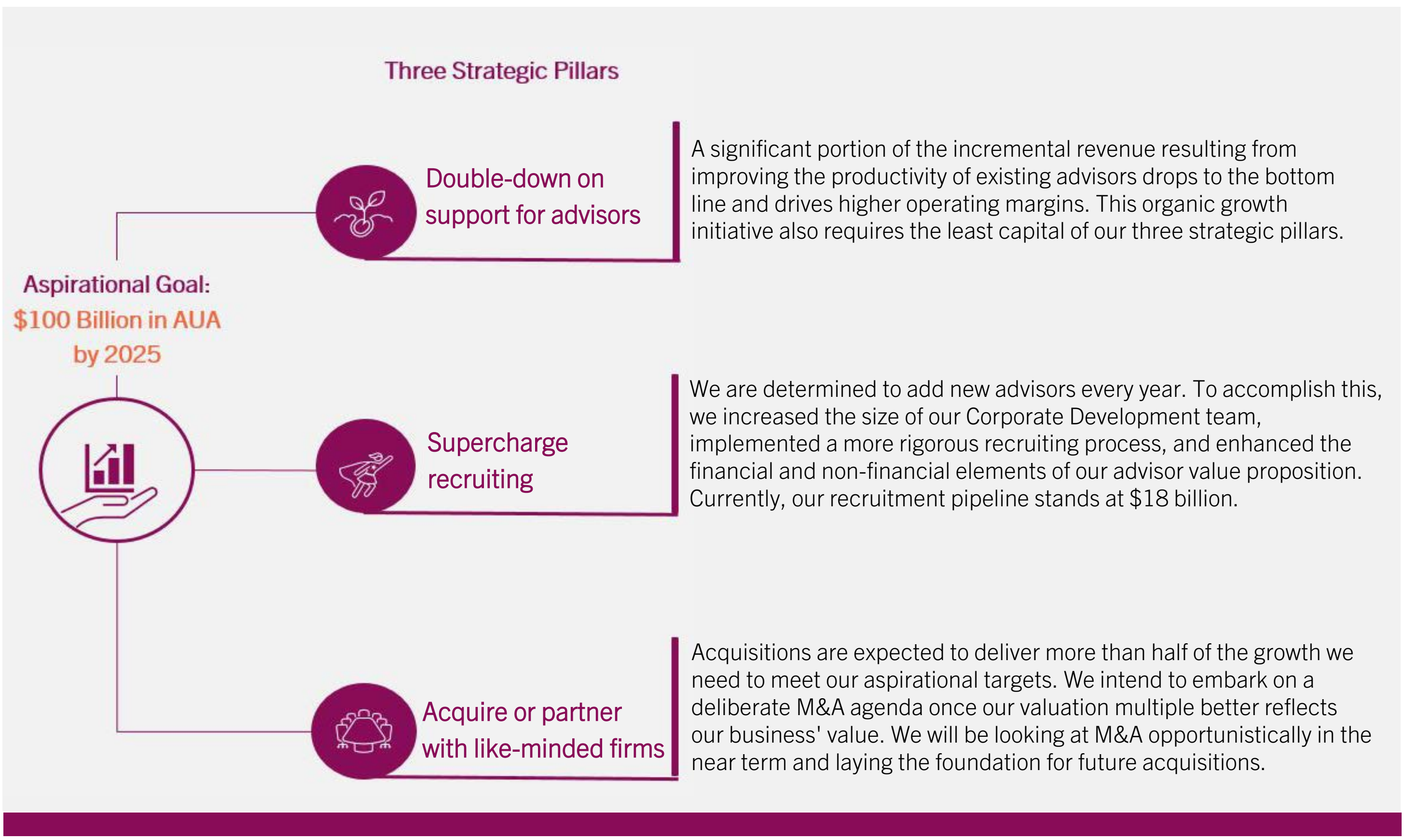
We strive to be the brand of choice for Canada's top advisors and their high-net worth clients.

Our Growth Strategy

A five-year strategic roadmap aimed at delivering shareholder value and positioning the company for the future has been our focus since May 2021. Through the execution of this plan, we aim to triple our AUA and revenue, and more than triple our Adjusted EBITDA by 2025. As we execute from a position of growing strength, we believe that our goals are not only ambitious but also achievable.

A favourable market backdrop will also support our growth, as retail financial wealth is expected to grow from approximately $5 trillion today to $7.7 trillion by 2028[4]. In addition, an aging demographic together with the rising complexities of managing wealth has confirmed what we already knew - the role of face-to-face advice is more crucial than ever before. Richardson Wealth currently has less than a 1% share of this market. Capturing either an additional 1.4% of the existing market, or 2% of the expected market growth, would allow us to achieve our growth objectives.

We have purposeful ambition and a thoughtfully sequenced playbook based on a three-pillar strategy, depicted below.



Our growth and transformation strategy are still at an early stage. However, we have already made gamechanging investments in our operating platform and the support we provide advisors, all of which we expect to increase EBITDA in future periods.

[4] Investor Economics

By leveraging relationships with best-of-breed digital solution providers, we will make it easier for advisors to thrive and succeed here than anywhere else. Some of the other investments that we have made to deliver on our promise of enhancing the advisors' experience include:

Furthermore, we secured a $200 million revolving credit facility to provide us with funding when we need it for future investments in our platform, recruiting, or acquisitions.

2022 Strategic Priorities - Our "Big Rocks"

With a focus on organic growth and recruiting in 2022, we intend to leverage the building blocks for long-term growth already in place and take prudent and measured risks. The following are our top strategic priorities for the balance of 2022, known as our "Big Rocks":

1. Expanding Richardson Wealth Masterclass, our comprehensive practice management and training program
2. Advancing our digital ambitions by implementing the Envestnet portfolio management platform and Fidelity's world-class Unifide advisor technology platform
3. Recruiting new advisors to our platform
4. Enhancing profitability through new revenue opportunities, cost management, and operating efficiencies
5. Increasing interest in our Company and demand for our shares through a systematic investor relations program
6. Moving to our new landmark and LEED Platinum-Certified headquarters on Toronto's waterfront in late 2022

Business Segments

We operate through two business segments: Wealth Management and Corporate.

Wealth Management

Our Wealth Management segment supports our advisor teams as they provide strategic wealth advice and innovative investment solutions to their high-net worth clients across Canada. We offer advisors a holistic suite of wealth management solutions that enables them to deliver value to existing clients and attract new ones. We also make a team of tax, estate, and wealth planning experts available to advisors to assist with complex client needs.

A culture of entrepreneurship means there is no standard formula for success; within the boundaries of our comprehensive risk framework, our advisors can determine how best to serve their clients.

We currently include our carrying broker business in the Wealth Management segment since it focuses on serving the needs of our advisors. In Q4 2022, Fidelity Clearing Canada is scheduled to begin providing custody, clearing and trade settlement services to Richardson Wealth, and we will no longer operate our proprietary carrying broker. We believe that Fidelity will provide a technology platform that will accelerate our digital ambitions and maintain service quality at an exceptionally high level.

Corporate

The Corporate segment is comprised primarily of corporate functions and public company costs. The functions included in the Corporate segment do not directly and entirely support the Wealth Management segment. For example, public company costs include external disclosures, registrations, maintaining a Board, external audits, and other corporate services.

For further information on our business segments, please visit our corporate website at *www.rfcapgroup.com*.

Outlook

Our Richardson Wealth business delivered record results in 2021 and we are positioned for further growth this year.

Adjusted EBITDA

Even with market volatility, we expect full-year Adjusted EBITDA to grow by more than 20% from 2021, driven by revenue growth and cost efficiency. Adjusted EBITDA in the last three quarters of 2022 should be higher than in Q1, as revenue grows and we carefully manage operating costs.

Revenue

Revenue in Q2 through Q4 should be higher than in Q1 2022, with increased fee revenue, corporate finance commissions, interest income, and insurance all contributing to that growth.

We anticipate that organic growth initiatives and ongoing recruiting success will bring additional assets into the company this year, driving a modest increase in AUA between the end of March and December. We currently expect markets to remain flat over that same period, though global market volatility could cause actual results to differ from that expectation. The increase in AUA, along with a consistent yield, will push our more stable stream of fee revenue higher.

Market uncertainty has made many companies pause their issuance activity to date in 2022. We believe that issuance activity will improve and that our corporate finance commissions will move up over the course of the year. Our partnerships with Cormark and Bloom Burton & Co will continue to provide us with access to deal flow.

Interest revenue began to rise in Q1 along with benchmark rates. With rates continuing to rise — more quickly and steeply than anticipated a few months ago — interest revenue will move materially higher in 2022, resulting in an improved contribution to EBITDA and earnings this year as compared to the preceding two years. To illustrate this point, interest revenue at our Richardson Wealth subsidiary decreased by $11.1 million from 2019 to 2020, from $25.5 million to $14.4 million, as interest rates declined in early 2020.

Insurance revenue should also increase in the coming quarters as we expand our in-house capabilities to deliver greater value to advisors and their clients. Our pipeline of insurance deals is currently at its highest-ever level and we may realize much of that revenue in Q2. Insurance revenue represented only 1.6% of our total revenue in 2021 and we believe that could increase to 7%-8% over the next five years.

Operating Expenses

We expect adjusted operating expenses for full year 2022 to be up from 2021, as we invest to support revenue generation and our key strategic initiatives. We will manage all expenses prudently, though a competitive job market will put some pressure on compensation costs. Costs should decline slightly from Q1, as the first quarter represents an annual high for statutory benefits contributions.

We expect to realize run-rate operating expense savings from our strategic carrying broker agreement with Fidelity. This relationship should deliver an annualized $10 million EBITDA benefit in the first year after our Q4 2022 transition. The benefit has two components: $6 million in annualized run-rate expense savings and $4 million of expense avoidance (i.e., we do not need to incur $4 million of expenses that would have been incurred had we kept the operations in-house). In addition to the EBITDA lift, this strategic relationship will transform our costs to be largely variable and reduce future capital investments in technology.

Balance Sheet

In September 2021, we secured a $200 million revolving credit facility. When combined with operating cash flow and our approximately $20 million of excess net working capital, it provides us with ample funding to accelerate our key growth initiatives and rejuvenate our real estate footprint. Our growth initiatives, including advisor recruiting, all require up-front outlays of cash but will deliver significant EBITDA contributions over a multi-year horizon.

Q1 2022 - Items of Note

Pre-Tax Adjustments

The adjusted financial results presented in this MD&A exclude the impact of transformation program expenses and the amortization of acquired intangibles. In line with our guidance for the quarter, we have a lower volume of adjusting items in 2022, signaling the completion of the most disruptive phase of our transformation.

Q1 2022 included the following $4.8 million in adjusting items:

- $1.5 million of pre-tax charges related to our ongoing transformation ($1.1 million after-tax), reported in our Wealth Management segment. These charges relate largely to the project to outsource our carrying broker operations.

- $3.3 million of pre-tax amortization of intangible assets ($2.4 million after-tax), reported in our Corporate segment. The amortization arises from intangible assets created on the acquisition of Richardson Wealth. It will continue through 2035.

Q1 2021 included the following $10.9 million in adjusting items:

- $7.6 million in pre-tax transformation costs ($5.0 million after-tax) related to refining our organizational structure and developing and implementing our new strategy. The changes were reported in both our Wealth Management and Corporate segment.

- $3.3 million of pre-tax amortization of acquired intangible assets ($2.4 million after-tax), reported in our Corporate segment.

Consolidated Financial Performance

The following table presents our consolidated financial results for Q1 2022 and Q1 2021.

	Three months ended March 31,		Increase/(decrease)	
($000's, except as otherwise indicated)	2022	2021	$	%
Reported Results:				
Revenue	88,760	83,662	5,098	6
Variable advisor compensation	40,839	35,474	5,365	15
Gross margin[1]	47,921	48,188	(267)	(1)
Operating expenses[2,3]	38,412	43,700	(5,288)	(12)
EBITDA - consolidated[2]	9,509	4,488	5,021	112
Net income/(loss)	(3,147)	(7,475)	4,328	58
Adjusted Results:				
Operating expenses[2,3]	36,870	36,070	800	2
EBITDA - consolidated[2]	11,051	12,118	(1,067)	(9)
Net income/(loss)[2]	393	1,066	(673)	(63)

1. Gross margin is calculated as revenue less advisor variable compensation. We use gross margin to measure operating profitability on the revenue that accrues to the Company after making advisor payments that are directly linked to revenue.
2. Considered to be non-GAAP financial measures, which do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the "Non-GAAP and Supplemental Financial Measures" section at the end of this MD&A.
3. Operating expenses include employee compensation and benefits, selling, general and administrative expenses, and transformation costs and other provisions. Adjusted operating expenses are calculated as operating expenses less transformation costs and other provisions.

Q1 2022 vs. Q1 2021

Net Income/(Loss)

Our reported net loss declined largely due to a $6.1 million decrease in transformation charges, as discussed in the "Q1 2022 - Items of Note" section above.

Adjusted EBITDA

Adjusted EBITDA decreased largely due to the impact of market conditions on the performance of our Wealth Management segment. Although fee revenue continued to grow, the profitability of that business was negatively affected by lower Corporate finance revenue in Q1 2022.

Segment Results

The following section presents the financial results of our two business segments for Q1 2022 and Q1 2021. These segments reflect how we evaluate our financial performance.

Commencing Q1 2022, we are no longer providing supplemental financial information for Richardson Wealth, as described under the section "Disclosure Enhancements Effective Q1 2022 – Simplifying our Reporting" in this MD&A.

Wealth Management

($000's, except as otherwise indicated)	Three months ended March 31, 2022	2021	Increase/(decrease) $	%
Wealth management	74,810	66,294	8,516	13
Corporate finance	2,133	6,198	(4,065)	(66)
Interest	5,014	4,573	441	10
Other income	6,806	6,628	178	3
Revenue	88,763	83,693	5,070	6
Variable advisor compensation	40,839	35,474	5,365	15
Gross margin[1]	47,924	48,219	(295)	(1)
Employee compensation and benefits	18,878	19,219	(341)	(2)
Selling, general and administrative	15,967	14,454	1,513	10
Transformation costs and other provisions	1,543	6,500	(4,957)	(76)
Operating expenses[2,3]	36,388	40,173	(3,785)	(9)
EBITDA[3]	11,536	8,046	3,490	43
Interest	900	1,164	(264)	(23)
Depreciation and amortization	3,271	2,819	452	16
Advisor loan amortization	4,012	4,938	(926)	(19)
Income/(loss) before income taxes - reported	3,353	(875)	4,228	(483)
Adjusting items[4]:				
Transformation costs and other provisions	1,543	6,500	(4,957)	(76)
Total adjusting items	1,543	6,500	(4,957)	(76)
Adjusted results:				
Operating expenses[2,3]	34,845	33,673	1,172	3
EBITDA - Wealth Management[3]	13,079	14,546	(1,467)	(10)
Income/(loss) before income taxes - Wealth Management[3]	4,896	5,625	(729)	(13)

1. Gross margin is calculated as revenue less advisor variable compensation. We use gross margin to measure operating profitability on the revenue that accrues to the Company after making advisor payments that are directly linked to revenue.
2. Operating expenses include employee compensation and benefits, selling, general and administrative expenses, and transformation costs and other provisions. Adjusted operating expenses are calculated as operating expenses less transformation costs and other provisions.
3. Considered to be non-GAAP financial measures, which do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the "Non-GAAP and Supplemental Financial Measures" section at the end of this MD&A.
4. For further information, please see "Q1022 – Items of Note" in this MD&A

Q1 2022 vs. Q1 2021

Income (Loss) Before Income Taxes

Income before taxes increased largely due to a $5.0 million decline in charges related to our ongoing organizational transformation, as well as the factors highlighted in the sections below.

Adjusted EBITDA

Adjusted EBITDA decreased by $1.5 million as revenue growth was offset by advisor compensation paid on that revenue and higher operating expenses.

Revenue

Revenue was up by $5.1 million or 6% from Q1 2021 to a quarterly record of $88.8 million.

($000's, except as otherwise indicated)	Three months ended March 31, 2022	2021	Increase/(decrease) $	%
AUA[1] - ending ($millions)	37,084	32,769	4,315	13
AUA[1] - average ($millions)	36,711	31,925	4,786	15
Fee revenue	67,890	57,634	10,256	18
Insurance revenue	3,199	1,360	1,839	135
New issue participation (# of deals)	89	215	(126)	(59)
Asset yield[2] (%)	0.83	0.84		(1) bps
Adjusted EBITDA[3] margin (%)	14.7	17.4		(265) bps
Advisory teams[4]	160	158	2	1

1. AUA is a measure of client assets and is common to the wealth management business. It represents the market value of client assets managed and administered by us from which we earn commissions and fee revenue.
2. Calculated as Wealth management revenue and interest on cash balances divided by average AUA
3. Considered to be non-GAAP financial measures, which do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the "Non-GAAP and Supplemental Financial Measures" section at the end of this MD&A.
4. Prior year has been revised to reflect the internal consolidation of certain teams

AUA reached an all-time high in Q1 2022. It was up $4.3 billion since Q1 last year, and that growth included $1.4 billion in recruited assets. The benefits of our focus on recruiting and retention are beginning to be reflected in our performance. While heightened market volatility in Q1 2022 resulted in the delay of advisor moves, we anticipate adding several advisors in Q2 and more in the back half of the year. Our recruiting pipeline has grown by $2 billion thus far in 2022 and today stands at $18 billion. We have not lost an advisor to a competitor since Q2 of last year.

Wealth management revenue increased 13% led largely by fee revenue. Fee revenue was up $10.3 million or 18% from Q1 last year, due to AUA growth and performance-based fees that several of our advisors charge in February of each year. Those performance fees increased $2.9 million year-over-year. In addition to variable compensation we pay our advisors, we pay a portion of those fees to third-party investment managers, so incurred $1.8 million of incremental SG&A costs (see Adjusted Operating Expenses section below), with the net benefit being $1.1 million. Partly offsetting the increase in fee revenue was lower client trading commissions which decreased $1.7 million or 20% from elevated levels last year.

Fee revenue represented 89% of commissionable revenue in Wealth Management in Q1 2022. Our existing investment advisors continue to migrate more of their AUA to a fee-based structure and our recruiting efforts are focused on attracting fee-based advisors. This deliberate strategic focus makes our revenue base more recurring and predictable, notwithstanding the Q1 volatility associated with performance-based fees.

Corporate finance revenue decreased 66% from Q1 last year largely due to lower industry-wide new issue activity. The number of deals in which we participated decreased 59%. Our strategic partnerships with Cormark and Bloom Burton & Co remain strong and will allow us to benefit from any rebound in industry-wide capital markets activity.

Interest revenue increased 10% from Q1 last year as a result of the rise in benchmark rates and increased margin lending activity. With benchmark rates continuing to rise, more quickly and steeply than anticipated a few months ago, interest revenue will move materially higher in 2022, resulting in an improved contribution to EBITDA and earnings this year compared to the preceding two years. To illustrate this point, as interest rates declined in early 2020, interest revenue at Richardson Wealth decreased from $25.5 million in 2019 to $14.4 million in 2020 – which was a drop of $11.1 million in revenue and resulted in a 20% drop in EBITDA.

Other income increased moderately from Q1 last year. Insurance commissions were up by 135% to $3.2 million following our decision to bring insurance distribution operations in house. Dedicated in-house insurance specialists augment our wealth planning services and allow us to retain more of the commissions on each insurance sale. This increase was partially offset by an unrealized gain recorded in Q1 2021 on broker warrants and lower foreign exchange spreads.

Variable advisor compensation, an offset to revenue, was up by 15% and reflected our strong fee and insurance revenue generation this quarter. Variable advisor compensation as a percentage of commissionable revenue was 53.6% in Q1 2022; up from 49.8% in Q1 last year.

Operating Expenses

Adjusted operating expenses are the aggregate of employee compensation and benefits and selling, general, and administrative expenses: they are the costs that factor into our Adjusted EBITDA calculation and exclude transformation, interest, and amortization costs.

Adjusted operating expenses were $1.2 million or 3% higher than in Q1 2021, mainly due to higher selling, general and administrative expenses. SG&A expenses increased primarily due to performance-based fees that we paid to third-party managers for exceeding certain investment performance thresholds (see Revenue discussion above). Payouts under this program were higher in 2022 because of exceptional investment performance in calendar 2021. Compensation costs were largely unchanged as higher salaries resulting from annual inflationary adjustments and full-time equivalent growth were offset by lower bonus accruals (Q1 2021 bonuses were elevated due to year-end true-ups).

Corporate

	Three months ended March 31,		Increase/(decrease)	
($000's)	2022	2021	$	%
Revenues	(3)	(31)	28	90
Employee compensation and benefits	1,070	1,007	63	6
Selling, general and administrative	954	1,390	(436)	(31)
Transformation costs	-	1,130	(1,130)	(100)
Operating expenses[1,2]	2,024	3,527	(1,503)	(43)
EBITDA[2]	(2,027)	(3,558)	1,531	43
Interest	1,240	189	1,051	556
Amortization of acquired intangibles	3,263	3,263	—	—
Income/(loss) before income taxes - reported	(6,530)	(7,010)	480	7
Adjusting items[3]:				
Transformation costs	—	1,130	(1,130)	(100)
Amortization of acquired intangibles	3,263	3,263	—	—
Total adjusting items	3,263	4,393	(1,130)	(26)
Adjusted results:				
Operating expenses[1,2]	2,024	2,397	(373)	(16)
EBITDA[2]- Corporate	(2,027)	(2,428)	401	17
Income/(loss) before income taxes[2] - Corporate	(3,267)	(2,617)	(650)	(25)

1. Operating expenses include employee compensation and benefits, selling, general and administrative expenses, and transformation costs and other provisions. Adjusted operating expenses are calculated as operating expenses less transformation costs and other provisions.
2. Considered to be non-GAAP financial measures, which do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the "Non-GAAP and Supplemental Financial Measures" section at the end of this MD&A
3. For further information, please see "Q1 2022 – Items of Note" in this MD&A

Q1 2022 vs. Q1 2021

Income (loss) before income taxes

Our reported loss before tax declined largely due to:

- a $1.1 million reduction in costs related to our ongoing transformation;
- $0.5 million in lower directors' fees resulting from a mark-to-market gain on outstanding deferred share units compared with a loss in Q1 last year;
- $0.5 million of dividends related to preferred shares issued directly by Richardson Wealth to Richardson Financial Group Limited ($nil in Q1 2021). These preferred shares are reported as debt under IFRS and the dividends are recorded as interest expense; and
- $0.5 million in higher interest expense in connection with our new revolving credit facility. Interest on subordinated debt previously held at Richardson Wealth was recorded in the Wealth Management segment prior to it being repaid, in full, by us in September 2021.

Adjusted EBITDA

Adjusted EBITDA improved compared with Q1 last year largely due to the $0.5 million decline in directors' fees discussed above.

Quarterly Results

The following table presents selected quarterly financial information for our eight most recently completed financial quarters. Readers should be cautioned that the comparability of our financial results across quarters is limited primarily because we acquired full ownership interest of the Richardson Wealth business on October 20, 2020. Q1 2021 was the first quarter in which we consolidated Richardson Wealth's financial results for a full reporting period.

	2022			2021				2020
($000's, except as otherwise indicated)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Wealth management	74,810	71,390	67,297	65,401	66,294	47,226	—	—
Corporate finance	2,133	5,467	3,933	6,104	6,198	1,984	—	—
Interest	5,014	4,474	4,319	4,455	4,573	4,271	2,463	2,177
Other income	6,803	4,780	4,133	3,103	6,597	7,233	5,043	4,893
Revenue	88,760	86,111	79,682	79,064	83,662	60,715	7,506	7,070
Advisor variable compensation	40,839	38,285	34,714	34,138	35,474	23,726	—	—
Gross margin[1]	47,921	47,826	44,968	44,926	48,188	36,989	7,506	7,070
Operating expenses[2,3]	38,412	37,263	41,482	34,096	43,702	27,491	12,503	8,174
Share of loss of associate[4]	—	—	—	—	—	(1,591)	(415)	(473)
Gain on investment in associate	—	—	—	—	—	45,734	—	—
EBITDA[3]	9,509	10,564	3,486	10,829	4,486	53,641	(5,412)	(1,577)
Interest	2,140	1,543	1,687	2,048	1,353	1,108	212	257
Depreciation and amortization	6,534	6,510	5,982	6,231	6,082	5,352	132	130
Advisor loan amortization	4,012	4,054	4,257	4,485	4,938	3,490	—	—
Income/(loss) before income taxes	(3,177)	(1,544)	(8,441)	(1,935)	(7,885)	43,691	(5,755)	(1,968)
Net income/(loss) from continuing operations	(3,147)	(2,357)	(8,462)	(1,858)	(7,475)	39,992	(5,760)	(1,787)
Net income/(loss) from discontinued operation	—	—	—	—	—	—	(217)	(564)
Net income/(loss)	(3,147)	(2,357)	(8,462)	(1,858)	(7,475)	39,992	(5,977)	(2,351)
Net income/(loss) per Common Share:								
Basic	(0.44)	(0.24)	(1.35)	(0.43)	(1.25)	5.11	(0.79)	(0.47)
Diluted	(0.44)	(0.24)	(1.35)	(0.43)	(1.25)	2.55	(0.79)	(0.47)
Adjusting items[5]:								
Transformation costs and other provisions	1,543	1,730	9,517	2,513	7,630	1,201	3,901	113
Amortization of acquired intangibles	3,263	3,265	3,263	3,263	3,263	2,589	—	—
Gain on investment in associate	—	—	—	—	—	(45,734)	—	—
Total adjusting items	4,806	4,995	12,780	5,776	10,893	(41,944)	3,901	113
Adjusted Results:								
Operating expenses[2,3]	36,870	35,534	31,965	31,583	36,070	26,290	8,601	8,065
EBITDA - Consolidated[3]	11,051	12,294	13,003	13,342	12,118	9,108	(1,511)	(1,469)
Income/(loss) before income taxes[3] - Consolidated	1,629	3,451	4,339	3,841	3,008	1,747	(1,854)	(1,856)
Net income/(loss) from continuing operations[3]	393	1,395	2,491	2,403	1,066	(1,242)	(2,076)	(2,238)

1. Gross margin is calculated as revenue less advisor variable compensation. We use gross margin to measure operating profitability on the revenue that accrues to the Company after making advisor payments that are directly linked to revenue.
2. Operating expenses include employee compensation and benefits, selling, general and administrative expenses, and transformation costs and other provisions. Adjusted operating expenses are calculated as operating expenses less transformation costs and other provisions.
3. Considered to be non-GAAP financial measures, which do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the "Non-GAAP and Supplemental Financial Measures" section at the end of this MD&A
4. Share of income/(loss) of associate represents our proportionate shares of Richardson Wealth's net income/(loss) prior to its acquisition by us
5. For further information, please see "2021 Financial Highlights – Items of Note" and "Q4 Items of Note" in our 2021 Annual MD&A and "Q1 2022 – Items of Note" in this MD&A

Financial Condition

Capital and balance sheet strength are key priorities for us. We had conservative levels of working capital and debt on our balance sheet at the end of March 2022 and December 2021.

As at ($000's)	March 31, 2022	December 31, 2021	Increase/(decrease) $	%
Selected highlights:				
Total assets	2,447,197	2,216,015	231,181	10
Shareholders' equity	351,131	354,890	(3,759)	(1)
Term debt[1]	110,922	110,922	—	—
Net working capital[2]	106,648	95,758	10,890	11

1. Includes revolving credit facility and preferred share liability
2. Considered to be non-GAAP financial measures, which do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the "Non-GAAP and Supplemental Financial Measures" section at the end of this MD&A.

Total assets increased by $231 million from December 31, 2021, due to higher client cash balances and the general growth of our business. Shareholders' equity decreased by $3.8 million mainly due to the $3.1 million net loss we reported in Q1 2022 and $1.1 million of preferred share dividends.

Term Debt

($000's, except as otherwise indicated)	March 31, 2022	December 31, 2021
Revolving credit facility	80,500	80,500
Preferred share liability	30,422	30,422
	110,922	110,922
Ratios:		
Total debt to Adjusted EBITDA[1] - consolidated	2.5	2.2
Adjusted EBITDA[1] - consolidated to interest	15.0	14.4

1. Considered to be non-GAAP financial measures, which do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the "Non-GAAP and Supplemental Financial Measures" section at the end of this MD&A

Revolving Credit Facility

In September 2021, we secured a $200 million revolving credit facility with a syndicate of lenders. As of March 31, 2022, we had drawn $80.5 million against the facility, unchanged from the end of 2021. Combined with our strong current and expected future operating cash flows and our excess working capital, the facility provides us with ample funding and flexibility to accelerate our organic growth, recruiting and other strategic initiatives. For further information, see Note 25 to the 2021 Annual Financial Statements

As of March 31, 2022, we were compliant with the covenants associated with this facility.

Liquidity

Management and the Board continually assess the Company's dividend policy, expense structure, and capital spending plans in the context of our overall financial and liquidity positions. Our intent is to ensure that our business and financial strategies will not expose us to excessive financial risk.

Working Capital and Cash Flow

We require liquidity to fund our day-to-day operations and cash distributions, as well as to manage the financial risks inherent in our business. Management believes that our current working capital, positive cash flow, and the undrawn amounts under our credit facilities provide us with more than enough liquidity for normal operating purposes and to manage through periods of financial stress. If equity markets or other business conditions deteriorate, adversely impacting our expected cash flow, we will take swift action to preserve our liquidity position.

As at March 31, 2022, we had net working capital of $106.6 million.

Operating Credit Facilities

We supplement the day-to-day liquidity provided by our cash flow and working capital with access to a variety of other cost-effective, short-term funding sources. These credit facilities are available solely to facilitate the securities settlement process, primarily for client transactions. Available credit facilities with Schedule I Canadian chartered banks were $425.8 million at March 31, 2022, compared with $427.7 million at December 31, 2021. Management considers the current level of credit availability to be sufficient. We had had no amounts outstanding under any of these operating facilities at March 31, 2022, or December 31, 2021.

Liquid Assets

Liquid assets are comprised of cash, cash equivalents, and certain government securities. We hold our cash across several financial institutions, all of which have high credit ratings. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Certain government securities factor into our liquid asset and working capital balances and form an important part of our overall liquidity risk management framework. These government securities are classified as inventory on our balance sheet. We had $606.2 million of liquid assets[1] at March 31, 2022 ($554.7 million at December 31, 2021).

Subsidiary Capital Requirements

Certain of our subsidiaries are subject to regulatory capital requirements. These requirements are designed to assess the sufficiency of their liquidity position and to provide indications to the relevant regulatory authority of possible concerns. Regulatory capital levels, which fluctuate based on margin requirements for outstanding trades and other factors, complied with all regulatory requirements during Q1 2022.

1. Considered to be non-GAAP financial measures, which do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers.

Updated Share Information

At the date of this report, May 3, 2022, we had 15.9 million common shares issued and outstanding (Common Shares). In addition, there were 0.5 million unexercised stock options outstanding, with a weighted average exercise price of $20.00 per share. We also had 4.6 million Series B non-cumulative 5-year rate reset preferred shares issued and outstanding.

Common Share Consolidation

On March 25, 2022, we completed the consolidation of our Common Shares on the basis of ten (10) pre-consolidation Common Shares for every one (1) post-consolidation Common Share (the Consolidation).

Immediately prior to the Consolidation, we had 158,714,254 Common Shares issued and outstanding. Following the Consolidation, we had 15,871,426 Common Shares issued and outstanding. The Common Shares will continue to be listed on the TSX under the symbol "RCG" and began trading on a post-Consolidation basis on March 30, 2022.

The Consolidation is part of our overall strategy to drive long-term shareholder value and to increase the Company's profile among investors. We believe that the share consolidation may increase investment interest for our Common Shares and enhance trading liquidity by broadening the pool of investors that may consider investing in our Company, including investors whose internal investment policies prohibit or discourage them from taking an equity position in any company whose shares are trading below a certain price.

Normal Course Issuer Bid

On March 4, 2022, we announced that the TSX approved our notice of intention to make a normal course issuer bid (NCIB) for a portion of our Common Shares. The NCIB will be made in accordance with the requirements of the TSX. The NCIB commenced on March 9, 2022, and the bid will terminate on or about March 8, 2023, or such earlier time as we complete our purchases pursuant to the bid or provide notice of termination. Any Common Shares purchased under the NCIB will be cancelled.

We did not repurchase any Common Shares for cancellation under our NCIB during Q1 2022.

We are implementing the NCIB because we believe that the market price of our Common Shares may not, from time to time, fully reflect their value. Accordingly, the purchase of our Common Shares may be an attractive and appropriate use of available funds, and in the best interest of our shareholders. We will still be able to sufficiently fund and pursue our growth ambitions if we deploy capital for the NCIB. Our current net working capital, positive cash flow generation and our recently secured $200 million revolving credit facility provide ample capital to pursue strategic priorities as they may arise.

Pursuant to the notice, we are authorized to acquire up to a maximum of 548,571 of our Common Shares or approximately 10% of the Company's public float of approximately 5,485,719 Common Shares following the Consolidation, for cancellation over the next ten months. Purchases under the NCIB will be made through the facilities of the TSX or a Canadian alternative trading system and in accordance with applicable regulatory requirements at a price per Common Share equal to the market at the time of acquisition, or such other price as may be permitted by the TSX. The number of Common Shares that can be purchased pursuant to the NCIB is subject to a current daily maximum of approximately 883 Common Shares, following the Consolidation, (which is equal to 25% of 3,535 Common Shares, following the Consolidation, being the average daily trading volume during the six months ended February 28, 2022), except where purchases are made in accordance with the block purchase exception of the TSX rules.

Related-Party Transactions

Our related parties include the following persons and/or entities: (a) entities that are controlled or significantly influenced by us, (b) key management personnel, which are comprised of our directors and/or officers and those entities that they control (directly or indirectly), and (c) any persons having authority and responsibility for planning, directing, and controlling our activities. For further information on Related-Party Transactions, please refer to Note 14 to the 2021 Annual Financial Statements.

Critical Accounting Policies and Estimates

Our significant accounting policies are essential to an understanding of our reported results of operations and financial position. Accounting policies applied by us as at and for the three months ended March 31, 2022, are the same as those applied by us as at and for the year ended December 31, 2021. Please refer to Note 2 to the 2021 Annual Financial Statements for further information.

Financial Instruments

A significant portion of our assets and liabilities are composed of financial instruments. There were no material changes in our use of financial instruments, or the types of financial instruments employed in our trading and non-trading activities during Q1 2022.

Refer to Note 1 to the 2021 Annual Financial Statements for more information. For significant assumptions made in determining the valuation of financial and other instruments, refer to Note 2 to the 2021 Annual Financial Statements.

Future Changes in Accounting Policies or Estimates

We continuously monitor the changes proposed by the International Accounting Standards Board and analyze the effect that changes in the standards may have on the Company. For a summary of future changes in accounting policies or estimates refer to Note 3 to the 2021 Annual Financial Statements.

Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information relating to the Company is accumulated and communicated to our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) on a timely basis to enable appropriate decisions regarding required public disclosure. As of March 31, 2022, management evaluated the design of disclosure controls and procedures as defined under *National Instrument 52-109*. Based on that evaluation, the CEO and CFO concluded that the design of disclosure controls and procedures was effective.

Changes in Internal Control over Financial Reporting

To the best of the knowledge and belief of our CEO and CFO, no changes were made to our operations during Q1 2022 that materially affected, or are reasonably likely to affect, our internal control over financial reporting.

Risk Management

The financial services industry is, by its nature, subject to numerous and substantial risks, particularly in volatile, uncertain, or illiquid markets and a highly regulated environment.

We have a robust, effective, and continuously evolving enterprise-wide risk management framework designed to address the significant areas of risk that we face in the execution of our growth strategy.

This framework ensures that new, emerging, and open risks impacting our business are identified, classified, assessed, and managed to meet risk appetite objectives in the best interests of our stakeholders, through effective oversight, escalation and governance by management and the Board, respectively.

Risk Framework Components

Our Board sets strategic and risk management direction, including our overall risk appetite and tolerance. Management is accountable for effectively managing the significant areas of risk and ensuring that our risk profile is in line with our risk appetite as informed by our strategic mandate.

We view our approach to risk management as a key differentiator. Effective risk management is an essential asset that, when managed proactively using qualitative and quantitative evaluation measures, creates opportunities to capture and increase stakeholder value. We recently enhanced our Corporate Governance structure to include a dedicated Board Risk Committee to strengthen the oversight of this critical function.

Risk Factors

For a description of risk factors, please see Note 24 *Financial Risk Management* to the 2021 Annual Financial Statements and *Risk Factors* in our 2021 Annual MD&A, which are incorporated by reference herein, and can be found under our profile on SEDAR at *www.sedar.com*.

Non-GAAP and Supplemental Financial Measures

We use a variety of measures to assess our performance. In addition to GAAP prescribed measures, we use certain non-GAAP and supplementary financial measures (SFM) that we believe provide useful information to investors regarding our performance and results of operations. Readers are cautioned that non-GAAP and supplemental measures (including non-GAAP ratios) often do not have any standardized meaning and therefore may not be comparable to similar measures presented by other issuers. Non-GAAP measures are reported in addition to and should not be considered alternatives to measures of performance according to IFRS.

Non-GAAP Financial Measures

The primary non-GAAP financial measures (including non-GAAP ratios) used in this MD&A are:

EBITDA

The use of EBITDA is common in the wealth management industry. We believe it provides a more accurate measure of our core operating results, is a proxy for operating cash flow, and is a commonly used basis for enterprise valuation. EBITDA is used to evaluate core operating performance by adjusting net income/(loss) to exclude:

- Interest expense, which we record primarily in connection with term debt;
- Income tax expense/(benefit);
- Depreciation and amortization expense, which we record primarily in connection with intangible assets, leases, equipment, and leasehold improvements; and
- Amortization in connection with investment advisor transition and loan programs. We view these loans as an effective recruiting and retention tool for advisors, the cost of which is assessed by management upfront when the loan is provided rather than over its term.

Operating Expenses and Operating Expense Ratio

Operating expenses include:

- Employee compensation and benefits; and
- Selling, general, and administrative expenses.

These are the expense categories that factor into the EBITDA calculation discussed above.

The operating expense ratio is determined by dividing adjusted operating expenses by gross margin. We use this ratio to measure the efficiency of our operations.

Commissionable Revenue

Commissionable revenue includes Wealth management revenue, commission revenue in connection with the placement of new issues and revenue earned on the sale of insurance products. We use commissionable revenue to evaluate advisor compensation paid on that revenue.

Adjusted Results

In periods that we determine that adjusting items have a significant impact on a user's assessment of ongoing business performance, we may present adjusted results in addition to reported results by removing these items from the reported results. Management considers the adjusting items to be outside of our core operating performance. We believe that adjusted results can to some extent enhance comparability between reporting periods or provide the reader with a better understanding of how management views core performance. Adjusted results are also intended to provide the user with results that have greater consistency and comparability to those of other issuers.

Adjusted EBITDA Margin

Adjusted EBITDA margin is a non-GAAP ratio calculated as Adjusted EBITDA as a percentage of revenue.

Adjusting items in this MD&A include the following, by reporting segment:

Wealth Management:

- **Transformation costs and other provisions:** charges in connection with the ongoing transformation of our business and other matters. These charges have encompassed a range of transformation initiatives, including refining our ongoing operating model, outsourcing our carrying broker operations, realigning parts of our real estate footprint, and rolling out our new strategy across the Company.

Corporate:

- **Transformation costs:** incremental professional and advisory fees in connection with the development of our go-forward strategy

- **Amortization of acquired intangible assets:** amortization of intangible assets created on the acquisition of Richardson Wealth

All adjusting items affect reported expenses. The following table itemizes these adjustments and reconciles our reported operating expenses to adjusted operating expenses:

	Three months ended March 31,	
	2022	2021
Total consolidated expenses - reported	51,098	56,073
Interest	2,140	1,353
Advisor loan amortization	4,012	4,938
Depreciation and amortization	6,534	6,082
Operating expenses	38,412	43,700
Transformation costs and other provisions	1,543	7,630
Adjusted operating expenses	36,870	36,070

The following table provides a reconciliation of our reported net income/(loss) to adjusted net income/(loss):

($000's)	Three months ended March 31, 2022	2021
Net income/(loss) - reported	(3,147)	(7,475)
After-tax adjusting items:		
Transformation costs and other provisions	1,142	6,143
Amortization of acquired intangibles	2,398	2,398
Adjusted net income/(loss)	393	1,066

Supplemental Financial Measures

The Company's key SFMs disclosed periodically in this MD&A include AUA, recruiting pipeline, net new and recruited assets, AUA per advisory team, and household AUA. The composition of a SFM is included in this MD&A where the measure is first disclosed.

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

($ thousands)

As at	Note	March 31, 2022	December 31, 2021
ASSETS			
Cash and cash equivalents		568,997	518,099
Securities owned	4, 13	56,936	62,355
Receivable from:			
Clients		677,740	610,376
Brokers		117,111	90,802
Client funds held in trust		529,611	466,336
Employee and other loans receivable	7	48,143	50,303
Equipment and leasehold improvements		15,938	15,541
Right-of-use assets		53,660	19,547
Other assets	5	12,907	13,920
Deferred tax assets		20,161	20,584
Goodwill and intangible assets	8	345,993	348,152
		2,447,197	2,216,015
LIABILITIES			
Obligations related to securities sold short	4, 13	13,226	13,625
Lease liabilities		58,212	23,256
Payable to:			
Clients		1,510,944	1,333,692
Brokers		285,243	248,260
Issuers		1,636	824
Accounts payable and accrued liabilities		43,128	55,560
Provisions	10	25,956	27,323
Deferred tax liability		46,799	47,663
Long-term debt	14	110,922	110,922
		2,096,066	1,861,125
EQUITY			
Shareholders' equity	9	351,131	354,890
		2,447,197	2,216,015

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

"Kishore Kapoor"

Kishore Kapoor
President and Chief Executive Officer

"Donald Wright"

Donald Wright
Chair of the Board

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME/(LOSS)

($ thousands)		Three months ended March 31,	
	Note	2022	2021
REVENUE			
Wealth management		74,810	66,294
Corporate finance		2,133	6,198
Interest		5,014	4,573
Other	3	6,803	6,597
TOTAL REVENUE	3	88,760	83,662
Variable advisor compensation		40,839	35,474
GROSS MARGIN		47,921	48,188
EXPENSES			
Employee compensation and benefits		19,948	20,226
Selling, general and administrative		16,921	15,844
Advisor loan amortization	7	4,012	4,938
Transformation costs and other provisions		1,543	7,630
Interest		2,140	1,353
Depreciation and amortization		6,534	6,082
		51,098	56,073
Income/(loss) before income taxes		(3,177)	(7,885)
Income tax expense/(recovery)			
Current		413	433
Deferred		(443)	(843)
		(30)	(410)
Net income/(loss)		(3,147)	(7,475)
Weighted-average number of common shares outstanding:			
(in thousands)			
Basic	12	9,604	6,764
Diluted		15,871	15,938
Net loss per common share (dollars):			
Basic	12	(0.44)	(1.25)
Diluted		(0.44)	(1.25)

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

($ thousands)	Three months ended March 31,	
	2022	2021
Net income/(loss)	(3,147)	(7,475)
Other comprehensive income/(loss)		
Item that may be subsequently reclassified to net income/(loss):		
Foreign currency translation gain	3	—
Total other comprehensive income/(loss)	3	—
Total comprehensive income/(loss) attributable to shareholders	(3,144)	(7,475)

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(thousands)	Preferred shares		Common shares		Contributed surplus	Accumulated other comprehensive income	Accumulated deficit	Shareholders' equity
	#	$	#	$	$	$	$	$
As at December 31, 2020	4,600	112,263	158,108	470,415	39,976	17,830	(260,621)	379,863
Net foreign currency translation gain	—	—	—	—	—	33	—	33
Common shares purchased, cancelled and forfeited	—	—	(1,708)	(5,748)	1,285	979	—	(3,484)
Share-based compensation	—	—	—	—	2,842	—	—	2,842
Preferred share dividends	—	—	—	—	—	—	(4,212)	(4,212)
Net loss	—	—	—	—	—	—	(20,152)	(20,152)
As at December 31, 2021	4,600	112,263	156,400	464,667	44,103	18,842	(284,985)	354,890
Net foreign currency translation gain	—	—	—	—	—	3	—	3
Share consolidation	—	—	(140,760)	—	—	—	—	—
Share-based compensation	—	—	—	—	458	—	—	458
Preferred share dividends	—	—	—	—	—	—	(1,073)	(1,073)
Net loss	—	—	—	—	—	—	(3,147)	(3,147)
As at March 31, 2022	4,600	112,263	15,640	464,667	44,561	18,845	(289,205)	351,131

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

($ thousands)

		Three months ended March 31,	
	Note	2022	2021
OPERATING ACTIVITIES			
Net income/(loss)		(3,147)	(7,475)
Add/(deduct) items not involving cash:			
Depreciation and amortization		6,534	6,082
Advisor loan amortization	7	4,012	4,938
Accretion of lease liability expense		826	221
Deferred income taxes		(443)	(843)
		7,782	2,923
Net change in non-cash operating items	11	48,939	60,682
Cash provided by operating activities		56,721	63,605
FINANCING ACTIVITIES			
Dividends paid on preferred shares	9	(1,073)	(993)
Principal elements of lease payments		(2,245)	(1,888)
Cash used in financing activities		(3,318)	(2,881)
INVESTING ACTIVITIES			
Intangibles	8	(1,164)	—
Equipment and leasehold improvements		(1,344)	(2,943)
Cash used in investing activities		(2,508)	(2,943)
Effect of foreign exchange on cash balances		3	—
Net change in cash and cash equivalents		50,898	57,781
Cash and cash equivalents, beginning of period		518,099	556,245
Cash and cash equivalents, end of period		568,997	614,026
Supplemental cash flow information			
Interest paid		2,106	1,927
Interest received		4,840	4,406
Taxes paid		(429)	(641)

See accompanying notes, which are an integral part of these unaudited interim condensed consolidated financial statements

Note 1 – Basis of Preparation

a. Basis of Presentation

These unaudited interim condensed consolidated financial statements (Interim Financial Statements) of RF Capital Group Inc. (the Company), have been prepared by management in accordance with International Accounting Standard 34, Interim Financial Reporting.

These Interim Financial Statements should be read in conjunction with the Company's audited annual consolidated financial statements as at and for the year ended December 31, 2021 (Annual Financial Statements). Certain information and disclosures normally included in the Annual Financial Statements, prepared in accordance with International Financial Reporting Standards (IFRS) have been omitted or condensed. All defined terms used herein are consistent with those terms as defined in the Annual Financial Statements. Unless otherwise indicated, all amounts are expressed in thousands of Canadian dollars and rounded to the nearest thousands except share and per share amounts.

Commencing first quarter 2022, the Company recategorized certain revenues in order to provide more relevant and transparent disclosure. Revenue reporting for the prior period was realigned in the same manner for comparison purposes.

These Interim Financial Statements were authorized for issuance by the Company's Board of Directors on May 3, 2022.

b. Principles of Consolidation

The Interim Financial Statements include the Company's assets, liabilities, and results of operations and wholly owned subsidiaries, after the elimination of intercompany transactions and balances.

Note 2 – Significant Accounting Policies

The accounting policies applied in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Company's Annual Financial Statements except that certain revenue lines were recategorized. The new revenue categories and their respective accounting policies are as follows:

a. Revenue Recognition

<u>Wealth management</u>: Wealth management consists of account fees, mutual fund trailer fees, trading commissions and other client charges. The performance obligation for recognition of these fees is satisfied over the period of time during which the service is delivered, with the exception of commissions revenue where the performance obligation is satisfied at the date of the transaction.

($ THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

Corporate finance: Corporate finance includes fees earned in connection with the placement of new issues and structured notes through our proprietary retail distribution network and third-party networks. The performance obligation for recognition is satisfied when the services relating to the underlying transaction are completed at deal closing and the income is reasonably determinable.

Interest: Interest revenue includes interest earned on margin loans and the Company's cash positions, as well as fees for securities lending. Interest revenue is recognized on an accrual basis.

Other: Includes revenue earned from the sale of insurance products, carrying broker and administrative services, foreign exchange and various other services. Revenue is recorded over time as performance obligations are satisfied and accordingly is recognized on an accrual basis.

b. Restricted Share Unit and Performance Share Unit Plans

In the first quarter of 2022, the Company amended its restricted share unit (RSU) and performance share unit (PSU) plans to move from being equity-settled to cash-settled going forward. Each RSU or PSU held at the end of the vesting period will be paid to the eligible employee in cash, the value of which will be based on the weighted average closing price of the Company's common shares (common shares) on the Toronto Stock Exchange (TSX) for the 30 consecutive trading days immediately prior to the vesting date.

There were no new accounting standards that significantly impacted the Company during the three months ended March 31, 2022.

Note 3 – Revenue

The following table presents disaggregated revenue information for the Company for the three months ended March 31, 2022 and 2021.

	Three months ended March 31,	
	2022	2021
Wealth management	74,810	66,294
Corporate finance	2,133	6,198
Other customer revenue	4,457	3,254
Revenue - contracts with customers	81,400	75,746
Other revenue	7,360	7,916
Total revenue	88,760	83,662

($ THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Three months ended March 31, 2022	2021
Timing of revenue recognition		
Point in time	8,209	13,018
Over time	73,191	62,728
Revenue - contracts with customers	81,400	75,746
Other revenue	7,360	7,916
Total revenue	88,760	83,662

The following table presents a breakdown of the Company's other income for the three months ended March 31, 2022 and 2021.

	Three months ended March 31, 2022	2021
Insurance commissions	3,199	1,360
Foreign exchange	1,718	2,153
Brokerage services	722	754
Other	1,164	2,330
	6,803	6,597

Note 4 – Securities Owned and Obligations Related to Securities Sold Short

The following table presents a breakdown of the Company's securities owned and obligations related to securities sold short as at March 31, 2022 and December 31, 2021.

	March 31, 2022		December 31, 2021	
	Securities owned	Securities sold short	Securities owned	Securities sold short
Debt securities:				
Canadian and U.S. federal governments	37,210	8,169	36,600	9,214
Canadian provincial and municipal governments	6,953	2,096	8,501	2,292
Corporate and other	11,256	2,960	16,435	2,109
Equity securities	1,097	1	472	10
Derivative financial instruments	420	—	347	—
	56,936	13,226	62,355	13,625

As at March 31, 2022, the Company had $24,868 in securities pledged as collateral to central clearing agencies and custodians, compared to $22,129 at December 31, 2021.

($ THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

Note 5 – Other Assets

The following table presents a breakdown of the Company's other assets as at March 31, 2022 and December 31, 2021.

	2022	2021
Accounts receivable	4,614	6,353
Finance lease receivable	532	707
Prepaid deposits	7,761	6,860
	12,907	13,920

Note 6 – Securities Borrowed and Lent

The following table presents a breakdown of the Company's securities borrowed and lent and the corresponding cash delivered and received as collateral, respectively as at March 31, 2022 and December 31, 2021.

	Borrowed		Lent	
	Securities borrowed	Cash delivered as collateral	Securities lent	Cash received as collateral
As at March 31, 2022	25,013	25,501	108,433	109,009
As at December 31, 2021	21,100	21,430	123,586	123,555

Note 7 – Employee and Other Loans Receivable

The following table presents a breakdown of the Company's employee and other loans receivable as at March 31, 2022 and December 31, 2021.

	2022	2021
Investment advisor loans	41,907	43,722
Transition agreements for retirees	1,574	1,602
Other loans	4,662	4,979
	48,143	50,303

The Company records any reduction in the investment advisor loans as advisor loan amortization over the term of such loans. For the three months ended March 31, 2022, the Company recorded advisor loan amortization of $4,012 (2021 – $4,938) and a corresponding reduction to loans outstanding.

($ THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

Note 8 – Goodwill and Intangible Assets

The following table presents a breakdown of the Company's goodwill and finite life intangible assets as at March 31, 2022 and December 31, 2021.

	Goodwill	Intangibles	Total
Cost			
As at December 31, 2021	164,957	198,856	363,813
Additions	—	1,164	1,164
As at March 31, 2022	164,957	200,020	364,977
Accumulated amortization			
As at December 31, 2021		15,661	15,661
Amortization		3,323	3,323
As at March 31, 2022		18,984	18,984
Net book values			
As at December 31, 2021	164,957	183,195	348,152
As at March 31, 2022	164,957	181,036	345,993

Goodwill is tested for impairment annually on December 31 and more frequently if events or circumstances indicate that it may be impaired. The Company's finite life intangible assets are tested for impairment only in the event indicators of impairment exist. As at March 31, 2022, there were no indicators of impairment relating to the Company's goodwill or finite life intangible assets.

Note 9 – Share Capital

Common shares

On March 4, 2022, the Company announced that the TSX approved its notice of intention to make a normal course issuer bid (NCIB) for a portion of its common shares. The NCIB commenced on March 9, 2022, and the bid will terminate on or about March 8, 2023, or such earlier time as the Company completes its purchases pursuant to the bid or provides notice of termination. Any common shares purchased under the NCIB will be cancelled. The Company is authorized to acquire up to a maximum of 548,571 of its common shares or approximately 10% of the Company's public float for cancellation over the next 12 months.

For the three months ended March 31, 2022, the Company did not repurchase any shares for cancellation under the NCIB.

On March 25, 2022, the Company completed the consolidation of its common shares on the basis of ten pre-consolidation common shares for every one post-consolidation common share (the Consolidation).

Immediately prior to the Consolidation, the Company had 158,714,254 common shares issued and outstanding. Following the Consolidation, the Company had 15,871,426 common shares issued and outstanding. The Company's common shares will continue to be listed on the TSX under the symbol "RCG" and began trading on a post-Consolidation basis on March 30, 2022.

Preferred share dividends

Payment date	Cash dividend per Series B preferred share	Total dividend ($ thousands)
March 31, 2022	0.233313	1,073

On May 3, 2022, the Board of Directors approved a cash dividend of $0.233313 per Series B preferred share payable on June 30, 2022, to preferred shareholders of record on June 15, 2022.

Note 10 – Provisions, Contingencies and Commitments

A summary of the Company's provisions as at March 31, 2022 and the changes during the period are as follows:

As at December 31, 2021	27,323
Payments[1]	(1,367)
As at March 31, 2022	25,956

[1]Includes $300 in payments relating to former key management personnel.

Note 11 – Net Change in Non-Cash Operating Items

The following table presents a breakdown of the changes in the Company's non-cash operating items.

	2022	2021
Securities owned	5,419	6,207
Receivable from clients and brokers	(93,673)	(61,148)
Client funds held in trust	(63,275)	(67,359)
Employee and other loans receivable	(1,852)	(125)
Other assets	1,013	78
Obligations related to securities sold short	(399)	(1,214)
Payable to clients, brokers and issuers	215,047	187,392
Accounts payable and accrued liabilities	(11,974)	(9,392)
Provisions	(1,367)	6,243
	48,939	60,682

($ THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

Note 12 – Net Income/(Loss) Per Common Share

Net income/(loss) per common share consists of the following:

	Three months ended March 31, 2022	2021
Net income/(loss) from operations	(3,147)	(7,475)
Less: dividends on preferred shares	(1,073)	(993)
Net income/(loss) attributable to common shareholders	(4,220)	(8,468)
Weighted-average number of common shares outstanding:		
Basic		
Common shares[1]	15,871	15,938
Common shares held by the SIP Trust[1,2]	(231)	(127)
Contingently returnable common shares held in escrow[1]	(6,036)	(9,047)
	9,604	6,764
Diluted		
Dilutive effect of shares held by the SIP Trust[1,2]	231	127
Dilutive effect of contingently returnable common shares held in escrow[1]	6,036	9,047
	15,871	15,938
Net income/(loss) per common share - Basic	$ (0.44)	$ (1.25)
Net income/(loss) per common share - Diluted[3]	$ (0.44)	$ (1.25)

[1]On March 25, 2022, the Company completed the Consolidation of its common shares. The Company's common shares decreased as a result of the consolidation. Comparative common shares outstanding have been revised.

[2]The Company has a Share Incentive Plan trust (the SIP Trust) for the purposes of purchasing the Company's common shares in the open market and delivering the common shares to the SIP participants upon vesting.

[3]In the case of a net loss, the impact of the shares pledged and other common shares subject to vesting conditions under share-based compensation programs on diluted net loss per common share will not be dilutive, therefore basic and diluted net loss per common share are the same.

Note 13 – Financial Assets and Liabilities

Financial Instruments – Fair Value Hierarchy

IFRS 13, *Fair Value Measurement*, as issued by the IASB requires disclosure of a three-level hierarchy for fair value measurement based upon transparency of inputs into the valuation of a financial asset or financial liability as of the measurement date.

The fair value hierarchy has the following levels:

Level 1. The Company's Level 1 assets and liabilities generally include debt and equity securities that are traded on an active exchange. They are valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2. The Company's Level 2 assets and liabilities include equity and debt securities that are not listed on an active exchange. They also include debt and money market securities that are priced using aggregated trade data or reference prices based on yield, maturity and risk rating. The fair value is based on inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3. The Company's Level 3 equities are broker warrants that are valued based on observable data of the underlying security. The inputs for valuing the asset or liability are not based on observable market data associated with the broker warrants themselves.

The objective of these valuation techniques is to arrive at a fair value determination that reflects the value of the financial instrument at the reporting date that would have been determined by arm's length market participants.

($ THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

The following tables present the fair value hierarchy of the Company's financial assets and liabilities that are carried at fair value:

As at March 31, 2022	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Securities owned				
Debt securities				
Canadian and U.S. federal governments	35,093	2,117	—	37,210
Provincial and municipal governments	—	6,953	—	6,953
Corporate and other	—	11,256	—	11,256
Equity securities	1,093	4	—	1,097
Derivative financial assets	—	—	420	420
Financial assets carried at fair value	36,186	20,330	420	56,936
Financial liabilities				
Obligations related to securities sold short				
Debt securities				
Canadian and U.S. federal governments	—	8,169	—	8,169
Provincial and municipal governments	—	2,096	—	2,096
Corporate and other	—	2,960	—	2,960
Equity securities	1	—	—	1
Financial liabilities carried at fair value	1	13,225	—	13,226

As at December 31, 2021	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Securities owned				
Debt securities				
Canadian and U.S. federal governments	35,387	1,213	—	36,600
Provincial and municipal governments	—	8,501	—	8,501
Corporate and other	—	16,435	—	16,435
Equity securities	468	4	—	472
Derivative financial assets	—	—	347	347
Financial assets carried at fair value	35,855	26,153	347	62,355
Financial liabilities				
Obligations related to securities sold short				
Debt securities				
Canadian and U.S. federal governments	76	9,138	—	9,214
Provincial and municipal governments	—	2,292	—	2,292
Corporate and other	—	2,109	—	2,109
Equity securities	10	—	—	10
Financial liabilities carried at fair value	86	13,539	—	13,625

($ THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

The following table presents the changes in fair value measurements of financial assets included in Level 3 of the fair value hierarchy.

	Level 3 fair value
As at December 31, 2021	347
Net unrealized gain before income taxes	73
As at March 31, 2022	420

There were no transfers from Level 3 for the three months ended March 31, 2022 and 2021.

Note 14 – Long-Term Debt

The following table presents a breakdown of the Company's debt obligations as at March 31, 2022 and December 31, 2021.

	2022	2021
Revolving credit facility	80,500	80,500
Preferred shares	30,422	30,422
	110,922	110,922

Revolving Credit Facility

The Company has a syndicated revolving credit facility (the Facility) with a syndicate of lenders. The initial authorized principal of the Facility is $125 million. The Facility also includes an accordion provision that will enable the Company to request increases in the total commitment, on the same terms, by an aggregate amount of up to $75 million, subject to certain conditions and the lenders' approval. The Facility will bear interest at a spread over prescribed benchmark rates, with the spread depending on the Company's leverage at the time that it draws on the Facility. The Facility's initial maturity date is September 10, 2023 with an option for additional one-year terms, at the Company's request and subject to the lenders' approval.

As at March 31, 2022, the Company was compliant with the covenants associated with the Facility.

Preferred shares

Certain redeemable preferred shares issued by the Company are classified as financial liabilities because they bear non-discretionary dividends and are redeemable at the option of the holder, for cash, at any time following October 20, 2023. The Company has the right to acquire the preferred shares from the holder for cash at any time. The preferred shares are entitled to receive preferential cash dividends that accrue at an annual rate of prime plus 4%. These shares do not carry the right to vote.

Credit Facilities

The Company maintains access to certain credit facilities to facilitate the securities settlement process for both client and proprietary transactions. Available credit facilities with Schedule I Canadian chartered banks were $425.8 million at March 31, 2022, compared to $427.7 million at December 31, 2021. The facilities consist of call loans, letters of credit, daylight overdraft, and demand and foreign exchange facilities. Interest on these facilities is based on floating rate benchmarks. The Company had no amounts outstanding under any of these facilities as at March 31, 2022 or December 31, 2021.

Note 15 – Share-Based Awards

On March 14, 2022, the Company granted 616 RSUs and 77 PSUs to employees that entitle them to a cash payment on December 1, 2024. The amount of the cash payment is determined based on the share price of the Company at the time of vesting. The RSUs and PSUs were issued at a grant price of $16.46.

Note 16 - Segmented Information

Wealth Management

The Wealth Management segment consists of the Company's investment advisory and carrying broker businesses.

Corporate

The Corporate segment is comprised of certain corporate functions.

($ THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

The following table presents selected financial results of the Company's by segment for the three months ended March 31, 2022 and 2021.

	Three months ended March 31,					
	Wealth Management		Corporate		Total	
	2022	2021	2022	2021	2022	2021
Total revenue	88,763	83,693	(3)	(31)	88,760	83,662
Variable advisor compensation	40,839	35,474	—	—	40,839	35,474
Gross margin	47,924	48,219	(3)	(31)	47,921	48,188
Expenses						
Employee compensation and benefits	18,878	19,219	1,070	1,007	19,948	20,226
Selling, general and administrative	15,967	14,454	954	1,390	16,921	15,844
Advisor loan amortization	4,012	4,938	—	—	4,012	4,938
Transformation costs and other provisions	1,543	6,500	—	1,130	1,543	7,630
Interest	900	1,164	1,240	189	2,140	1,353
Depreciation and amortization[1]	3,271	2,819	3,263	3,263	6,534	6,082
	44,571	49,094	6,527	6,979	51,098	56,073
Income/(loss) before income taxes	3,353	(875)	(6,530)	(7,010)	(3,177)	(7,885)

[1]In the Corporate segment, amortization of $3,263 for both March 31, 2022 and 2021 is primarily related to customer relationships and intangible brand assets.