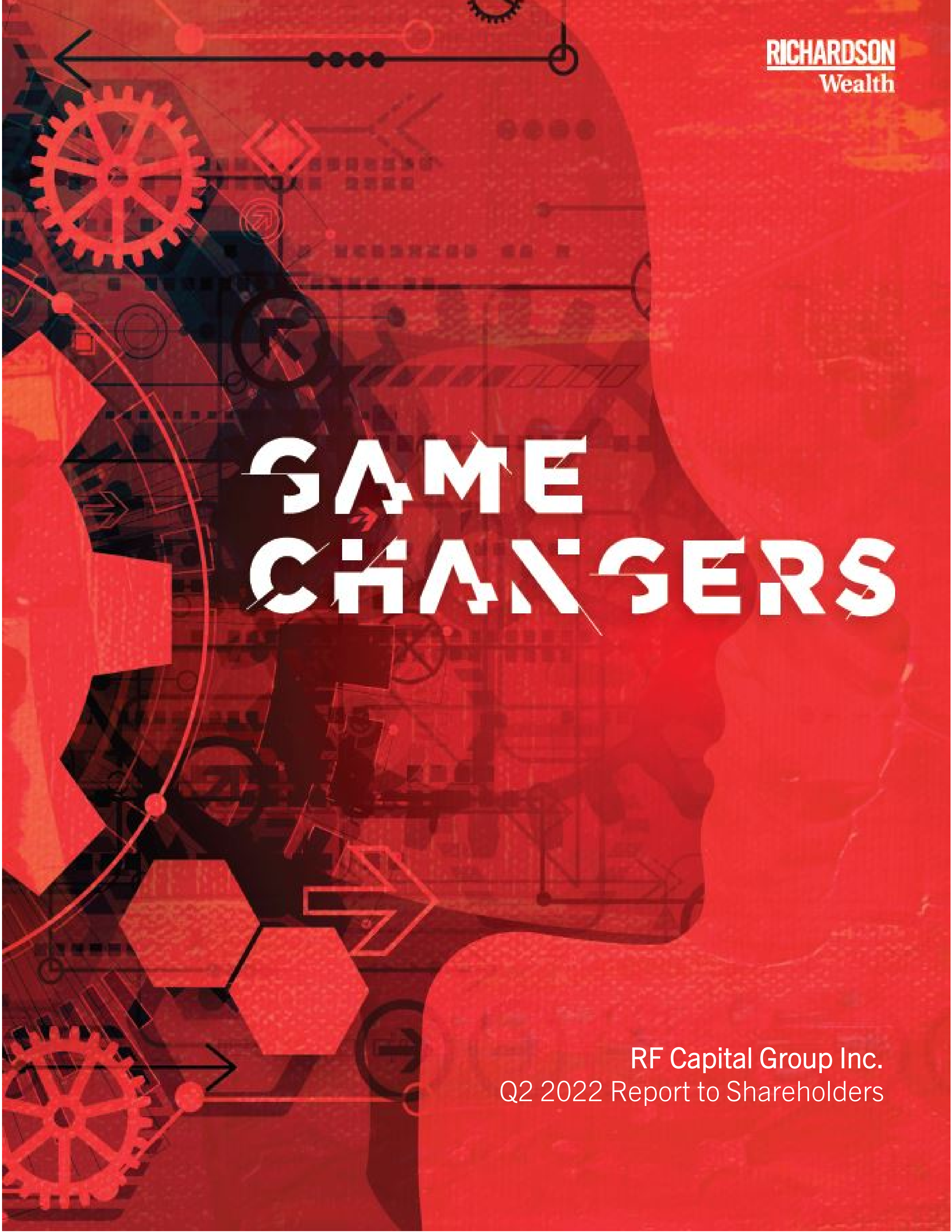

RICHARDSON Wealth

GAME CHANGERS

RF Capital Group Inc.

Q2 2022 Report to Shareholders

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A MESSAGE FROM OUR PRESIDENT & CEO

KISH KAPOOR

"Despite volatile markets, our Q2 Adjusted EBITDA[1] grew 24% from the same period last year and 50% from Q1 largely due to the substantial revenue tailwinds from increasing benchmark interest rates and record insurance revenue."

Q2 was a challenging quarter for our industry, our advisors and their clients, and our business. Market sentiment fell due to stubbornly high inflation and fears of slowing economic growth. The S&P/TSX Composite Index and S&P 500 slumped 13.8% and 16.4%, respectively, during the quarter. As a result, our AUA declined $3.2 billion or 8.7% during the quarter, and corporate finance activity remained low. During this sharp downturn, our advisor teams devoted significant time helping clients navigate these markets and focus on their long-term goals.

Despite this backdrop, Adjusted EBITDA[1] was $16.6 million or 50% higher than in Q1. This quarterly performance represents our highest level since becoming a pure-play wealth manager in late 2020. One of the reasons for the improved performance was the substantial interest revenue tailwinds from increasing benchmark interest rates on cash balances and margin loans. Interest revenue increased 83% or $3.7 million from Q2 last year to $8.1 million. As we progress through the year, higher interest revenue should be a significant contributor to EBITDA growth for us.

Record insurance revenue

We also realized the benefits of our efforts to diversify our sources of revenue. We achieved record insurance revenue that resulted from strategic inhouse investments, and our advisors increased focus on financial and estate planning, and risk management. In Q2, our insurance revenues were $9.2 million, nearly 20 times higher than in Q2 of last year and included an insurance sale that was the largest in the firm's history. Insurance revenue of $12.4 million for the first half of 2022 is more than double the insurance revenue recorded in fiscal 2021. We are seeing more advisors introducing insurance as a core part of their offering, and we now have a robust pipeline of opportunities.

Digital transformation

In addition, we continued to make meaningful progress on several bold transformational initiatives designed to enhance our advisors and clients digital experience for the long term. We launched Envestnet, the industry's leading portfolio management platform in Q2. The initial feedback from our advisors has been positive. The outsourcing of our carrying broker operations to Fidelity's uniFide is planned for December 31 – to simplify tax reporting and allow for more customization.

uniFide™

ENVESTNET™

[1]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.

$21 billion
Current recruiting pipeline

On the acquisition front, we welcomed three advisors to our firm during Q2, and, for the first time in a year, we lost one team. We are making great strides on many of our promises and are encouraged by the excellent feedback we are getting on our progress from our 163 teams, new hires, and the $3 billion growth in our recruiting pipeline in Q2. It inspires confidence in our future and reassures us we're on the right track.

Creating a strong entrepreneurial, advisor-centric, high performing culture

Last month, we hosted our "Back to the Future" conference in Winnipeg, home of the Richardson family and the James Richardson & Sons, Limited headquarters. The connection was easily made between the title of the 1985 American sci-fi blockbuster and Winnipeg, the place where it all began and where we reunited to celebrate our future.

Over two hundred advisors, employees, sponsors and VIPs attended in person. Several hundred of our people and industry partners attended virtually. With almost 40 speakers taking the stage, our theme was carefully woven throughout our event. We recounted our impressive past through the comments of two of our founders and looked into the future of our strong company through the eyes of two of the Richardson family's next generation of leaders. We also heard a transparent conversation among our independent board members, and we invited industry experts including Brookfield and Carlyle to share innovative ideas and solutions for our clients. After listening to feedback at and after the conference, I am more convinced than ever that we have the right strategy and that our advisors believe in it.

Closing remarks

Through the remainder of 2022, we will invest in the organic and acquisition pillars of our growth strategy to advance our digital transformation and attract even more advisors to our firm. Furthermore, we will continue to deploy a modest amount of capital to buy back our shares under our normal course issuer bid whenever our share price is disconnected from the value of our business.

We remain confident that the best path to sustainable value creation is remaining focused on the levers within our control and seamlessly executing our multi-year growth strategy. Thank you for your ongoing support.

Sincerely,

Kish Kapoor

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) as at and for the three and six months ended June 30, 2022.

This MD&A, dated July 28, 2022, should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes as at and for the three and six months ended June 30, 2022 (Second 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 we believe are useful in assessing our 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 Second Quarter 2022 Financial Statements, which we have 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 project to our outsource our carrying broker operations to Fidelity Clearing Canada (Fidelity), 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.

Our results can also be influenced by 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). 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 our reliance on certain assumptions we consider 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.

Q2 2022 - Select Financial Information

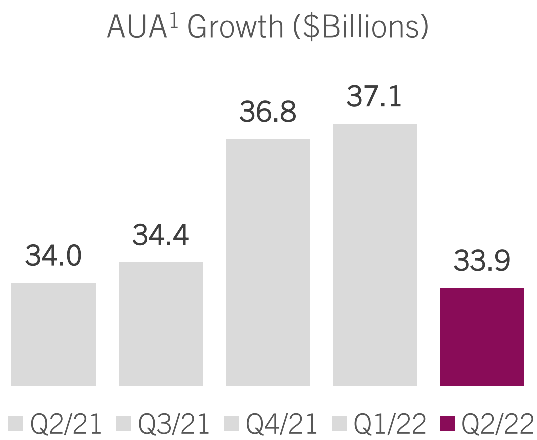
($000's, except as otherwise indicated)	Three months ended June 30, 2022	2021	Increase/(decrease) $	%	Six months ended June 30, 2022	2021	Increase/(decrease) $	%
Key Performance Drivers - Wealth Management Segment								
AUA - ending ($ millions)[1]	33,864	33,991	(127)	(0)	33,864	33,991	(127)	(0)
Fee revenue	62,312	58,911	3,401	6	130,202	116,545	13,657	12
Fee based revenue (%)[2]	81	86	(5)	(6)	85	83	2	2
Adjusted EBITDA[3]	18,274	15,465	2,809	18	31,354	30,010	1,344	4
Adjusted EBITDA margin (%)[3]	20.1	19.6		+50 bps	17.5	18.5		(100) bps
Asset yield (%)[4]	0.81	0.79		+2 bps	0.80	0.80		—
Operating Performance - Consolidated								
Reported Results:								
Revenue	90,753	79,064	11,689	15	179,513	162,726	16,787	10
Variable advisor compensation	39,078	34,138	4,940	14	79,917	69,612	10,305	15
Gross margin[5]	51,675	44,926	6,749	15	99,596	93,114	6,482	7
Operating expenses[3,6]	37,493	34,097	3,396	10	75,905	77,797	(1,892)	(2)
EBITDA[3]	14,182	10,829	3,353	31	23,691	15,317	8,374	55
Income (loss) before income taxes	851	(1,935)	2,786	144	(2,326)	(9,820)	7,494	76
Net income (loss)	58	(1,858)	1,916	103	(3,089)	(9,333)	6,244	67
Adjusting Items[7]:								
Transformation costs and other provisions, and amortization of acquired intangibles (pre-tax)	5,678	5,776	(98)	(2)	10,484	16,669	(6,185)	(37)
Transformation costs and other provisions, and amortization of acquired intangibles (after-tax)	3,952	4,261	(309)	(7)	7,492	12,803	(5,311)	(41)
Adjusted Results:								
Operating expenses[3,6]	35,078	31,584	3,494	11	71,947	67,654	4,293	6
EBITDA[3]	16,597	13,342	3,255	24	27,649	25,460	2,189	9
Income (loss) before income taxes[3]	6,529	3,841	2,688	70	8,158	6,849	1,309	19
Net income (loss)[3]	4,010	2,403	1,608	67	4,403	3,470	933	27

($000's, except as otherwise indicated)	Three months ended June 30, 2022	2021	Increase/(decrease) $	%
Select balance sheet information:				
Total assets	2,474,722	2,132,221	342,501	16
Term debt[8]	110,922	108,494	2,428	2
Shareholders' equity	350,521	370,463	(19,942)	(5)
Net working capital[3]	103,646	102,012	1,634	2
Common share information:				
Book value per common share ($)	15.01	16.20	(1.19)	(7)
Closing share price ($)	17.30	21.00	(3.70)	(18)
Common shares outstanding[9] (millions)	15.9	15.9	(0.1)	(0)
Common share market capitalization ($ millions)	275	335	(60)	(18)

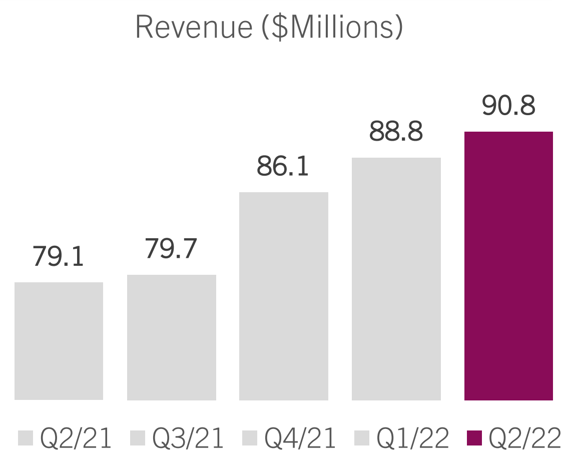
1. AUA is a measure of client assets and is common to the wealth management business. It represents the market value of client assets managed and administered by us on which we earn commissions and fee revenue.
2. Calculated as fee revenue divided by commissionable revenue in our Wealth Management segment. Commissionable revenue includes Wealth management revenue and commissions earned in connection with the placement of new issues and the sale of insurance products.
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 "Q2 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 common share information has been adjusted to reflect this consolidation.

Q2 2022 – Operating Highlights

AUA[1]



Record Quarterly Revenue



Recruiting Momentum

Added three advisors to our platform during Q2 2022

NCIB

16,426 shares repurchased in Q2 2022

Enhanced Digital Capabilities

Launched **Envestnet** portfolio management platform

Q2 2022 Select Financial Highlights

$9.2 Million	83%	$540 Million[2]	$3 Billion[3]
Record quarterly insurance revenue	Growth in interest revenue compared with Q2 last year	Net new and recruited assets in Q2 2022	Growth in recruiting pipeline in 2022 to $21 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. Represents organic growth in AUA from existing advisors, excluding market fluctuation, in addition to AUA from advisors we recruited
3. Represents conversation with advisors that have advanced beyond a certain probability threshold, with AUA measured as of the date the advisor was added to the recruiting pipeline and is not adjusted for market volatility. This measure is used by management to assess outside advisors' interest in our firm. We expect to convert only a portion of this pipeline.

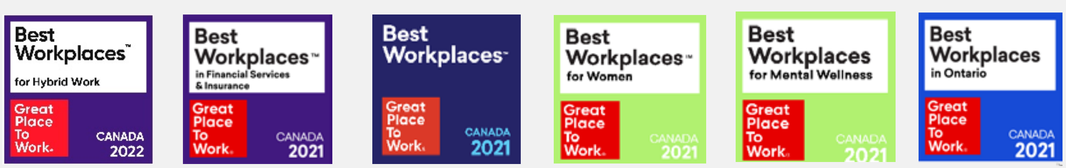
Business Overview

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 $33.9 billion (June 30, 2022). We have 163 advisor teams operating out of 20 offices, 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 culture inspires us to work even harder.



Our Growth Strategy

Our strategic growth plan, which aims to deliver shareholder value and positions us for the future, is driven by our vision: to be the brand of choice for Canada's top advisors and their high net worth clients. By executing this strategy, our aspirational goal is to triple our AUA and revenue, and more than triple our Adjusted EBITDA by 2025.

A favourable long-term market outlook will also support our growth, as retail financial wealth is expected to grow from approximately $5.6 trillion in 2021 to nearly $10 trillion by 2030[2]. We are well positioned to capture greater share of this fast-expanding industry. Richardson Wealth currently has less than a 1% share of this market. Capturing either an additional 1.1% of the existing market, or 1.4% of the expected market growth, would allow us to achieve our growth objectives.

[2] Investor Economics – Household Balance Sheet Report 2021

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

Aspirational Goals:
$200-300 Million in EBITDA &
$100 Billion in AUA by 2025

Three Strategic Pillars	Double-down on support for advisors	Supercharge recruiting	Acquire or partner with like-minded firms
Anticipated Contribution to EBITDA Growth	25%	25%	50%
	• Provide tools for existing advisors to improve their productivity and grow their practices • Digital transformation • Requires the least amount of capital of any of our three growth pillars	• Dedicated and experienced four-person team focused on recruitment • Strive to add 12-14 advisor teams/year • $21 Billion[1] recruiting pipeline; expected conversion rate of 10%-15% annually	• Add capabilities and/or scale • Pursue M&A when share price better reflects business value

1. Represents conversation with advisors that have advanced beyond a certain probability threshold, with AUA measured as of the date the advisor was added to the recruiting pipeline and is not adjusted for market volatility. This measure is used by management to assess outside advisors' interest in our firm. We expect to convert only a portion of this pipeline.

Our growth and transformation strategy is still in its early stages. 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.

2022 Strategic Priorities

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. In addition to helping advisors and their clients navigate the current challenging market environment, our top strategic priorities for the balance of 2022 include the following:

1	Expanding Richardson Wealth Masterclass, our comprehensive practice management and training program
2	Implementing the Envestnet portfolio management platform and Fidelity's world-class Unifide advisor technology
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. At the end of 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

Adjusted EBITDA

As a result of the market declines in the first half of 2022, we have tempered our Adjusted EBITDA growth expectations for the second half of 2022. We now expect Adjusted EBITDA in Q3 and Q4 to be slightly below the same periods a year ago. Prolonged instability in global markets could cause actual results to differ from these expectations.

Revenue

Revenue in Q3 and Q4 should be supported by increasing interest income if benchmark rates continue to rise as expected. Multiple rate increases are still anticipated in the second half of 2022, which will result in our interest revenue doubling from 2021. To illustrate this point, as interest rates declined precipitously in 2020 due to the pandemic, interest revenue at Richardson Wealth decreased from $25.5 million in 2019 to $14.4 million in 2020. After two years of low interest revenue, this trend should reverse in 2022.

Insurance revenue in Q3 and Q4 likely will be below the level we reported in Q2 2022, because of the record single insurance sale in Q2 2022. Insurance remains a strategic focus for us as we continue to expand our in-house capabilities and we currently have a robust pipeline of opportunities. 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.

Growth in interest and insurance revenue will be offset by lower wealth management and corporate finance revenue, both of which will likely be impacted by market conditions throughout the year. We expect our ongoing recruitment of advisors to mitigate some of this market induced downturn, as we anticipate adding more advisors in the back half of the year. Our recruiting pipeline grew by $3 billion in Q2 2022 to $21 billion.

Operating Expenses

In order to support revenue generation activities and our key strategic growth initiatives, adjusted operating expenses will increase on a year-over-year basis in the remaining quarters of the year. A competitive job market and inflation will also put some pressure on costs. Within that context, we will continue to manage prudently the expenses that are within our control.

Beginning in 2023, 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 next year. Specifically, this benefit consists of two components: we are saving $6 million in annualized run-rate expenses and avoiding $4 million in expenses (i.e., we do not have to incur $4 million in expenses we would have incurred if we had kept the operations in-house). In addition to boosting EBITDA, this strategic relationship will make our costs largely variable and reduce future technology investments.

Balance Sheet

We secured a $200 million revolving credit facility in September 2021. Together with operating cash flow and our approximately $20 million of excess working capital, this provides us with ample funding to accelerate our key growth initiatives, rejuvenate our real estate footprint, and buy back shares under our NCIB. These initiatives, as well as advisor recruitment, all require up-front outlays of cash but should generate significant EBITDA contributions over a multi-year horizon.

Q2 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.

Q2 2022 included the following $5.7 million in adjusting items:

- $2.4 million of pre-tax charges related to our ongoing transformation ($1.6 million after-tax), reported in our Wealth Management segment. These charges relate largely to developing our growth strategy and outsourcing 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.

Q2 2021 included the following $5.8 million in adjusting items:

- $2.5 million in pre-tax transformation costs ($1.9 million after-tax) related to developing, implementing, and communicating our new strategy. The charges were reported in our Wealth Management 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 Q2 and first half 2022 and 2021.

	Three months ended June 30,		Increase/(decrease)		Six months ended June 30,		Increase/(decrease)	
($000's, except as otherwise indicated)	2022	2021	$	%	2022	2021	$	%
Reported Results:								
Revenue	90,753	79,064	11,689	15	179,513	162,726	16,787	10
Variable advisor compensation	39,078	34,138	4,940	14	79,917	69,612	10,305	15
Gross margin[1]	51,675	44,926	6,749	15	99,596	93,114	6,482	7
Operating expenses[2,3]	37,493	34,097	3,396	10	75,905	77,797	(1,892)	(2)
EBITDA - consolidated[2]	14,182	10,829	3,353	31	23,691	15,317	8,374	55
Net income (loss)	58	(1,858)	1,916	103	(3,089)	(9,333)	6,244	67
Adjusted Results:								
Operating expenses[2,3]	35,078	31,584	3,494	11	71,947	67,654	4,293	6
EBITDA - consolidated[2]	16,597	13,342	3,255	24	27,649	25,460	2,189	9
Net income (loss)[2]	4,010	2,403	1,608	67	4,404	3,470	934	27

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.

Q2 2022 vs. Q2 2021

Net Income/(Loss)

Our reported net income increased $1.9 million from Q2 last year. This improved performance was largely due to record performance of our Wealth Management segment.

Adjusted EBITDA

Adjusted EBITDA of $16.6 million in Q2 2022 represents our highest quarterly performance since becoming a pure-play wealth management firm in late 2020. Adjusted EBITDA increased 24% largely due to the record performance of our Wealth Management segment.

YTD 2022 vs. YTD 2021

Net Income/(Loss)

Our reported net loss declined largely due to a $5.3 million decrease in after-tax adjusting items and improved performance of our Wealth Management segment.

Adjusted EBITDA

Adjusted EBITDA increased largely for the same reasons cited when discussing the Q2 2022 consolidated financial results above.

Segment Results

The following section presents the financial results of our two business segments for Q2 and first half 2022 and 2021. These segments reflect how we evaluate our financial performance.

Wealth Management

($000's, except as otherwise indicated)	Three months ended June 30, 2022	2021	% increase/(decrease) $	%	Six months ended June 30, 2022	2021	Increase/(decrease) $	%
Wealth management	68,067	65,988	2,079	3	142,877	131,173	11,704	9
Corporate finance	2,529	6,104	(3,575)	(59)	4,662	12,301	(7,639)	(62)
Interest	8,132	4,455	3,677	83	13,146	9,028	4,118	46
Other income	12,018	2,413	9,605	398	18,824	10,151	8,673	85
Revenue	90,746	78,960	11,786	15	179,509	162,653	16,856	10
Variable advisor compensation	39,078	34,138	4,940	14	79,917	69,612	10,305	15
Gross margin[1]	51,668	44,822	6,846	15	99,592	93,041	6,551	7
Employee compensation and benefits	18,941	16,507	2,434	15	37,819	35,727	2,092	6
Selling, general and administrative	14,452	12,850	1,602	12	30,419	27,304	3,115	11
Transformation costs and other provisions	2,415	2,513	(98)	(4)	3,958	9,013	(5,055)	(56)
Operating expenses[2,3]	35,808	31,870	3,938	12	72,196	72,044	152	0
EBITDA[3]	15,859	12,952	2,907	22	27,396	20,997	6,399	30
Interest	939	1,204	(265)	(22)	1,839	2,368	(529)	(22)
Depreciation and amortization	3,480	2,968	512	17	6,751	5,787	964	17
Advisor loan amortization	4,240	4,485	(245)	(5)	8,252	9,423	(1,171)	(12)
Income (loss) before income taxes	7,201	4,295	2,906	68	10,554	3,420	7,134	209
Adjusting items[4]:								
Transformation costs and other provisions	2,415	2,513	(98)	(4)	3,958	9,013	(5,055)	(56)
Total adjusting items	2,415	2,513	(98)	(4)	3,958	9,013	(5,055)	(56)
Adjusted results:								
Operating expenses[2,3]	33,393	29,357	4,036	14	68,238	63,031	5,207	8
EBITDA - Wealth Management[3]	18,274	15,465	2,809	18	31,354	30,010	1,344	4
Income (loss) before income taxes - Wealth Management[3]	9,616	6,808	2,808	n.m.	14,512	12,433	2,079	17

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 "Q2 2022 – Items of Note" in this MD&A

Q2 2022 vs. Q2 2021

Income/(Loss) Before Income Taxes

Income before taxes increased largely due to the factors highlighted in the Adjusted EBITDA section below.

Adjusted EBITDA

Adjusted EBITDA increased by $2.8 million or 18% largely due to record quarterly revenue performance which was partly offset by higher operating expenses.

Revenue

Revenue was up by $11.8 million or 15% from Q2 2021 to a record $90.7 million.

($000's, except as otherwise indicated)	Three months ended June 30, 2022	2021	Increase/(decrease) $	%
AUA[1] - ending ($millions)	33,864	33,991	(127)	—
AUA[1] - average ($millions)	35,136	33,592	1,544	5
Fee revenue	62,312	58,911	3,401	6
Insurance revenue	9,239	473	8,766	1,854
New issue participation (# of deals)	65	149	(84)	(56)
Asset yield[2] (%)	0.81	0.79		+2 bps
Adjusted EBITDA[3] margin (%)	20.1	19.6		+50 bps
Advisory teams[4]	163	157	6	4

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 declined in Q2 due to market conditions and ended the quarter at $33.9 billion, largely unchanged from the same period last year. However, average AUA, the primary driver of fee-based revenue, increased 5% from Q2 last year as the decline happened throughout the quarter and from an all-time high level at the end of Q1. Offsetting the market-induced weakness, we added $540 million in net new and recruited assets during Q2. We added three advisors and lost one to a competitor, the first departure since Q2 last year.

Wealth management revenue increased 3% led largely by fee revenue. Fee revenue was up $3.4 million or 6% from Q2 last year, due to higher average AUA. Partly offsetting this increase were lower client trading commissions, which decreased $0.7 million or 11%.

Fee revenue represented 81% of commissionable revenue in the Wealth Management segment in Q2 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.

Corporate finance revenue decreased 59% from Q2 last year largely due to an industry-wide slowdown in new issue activity amid challenging market conditions. The number of deals in which we participated decreased 56% compared with Q2 last year. 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 83% from Q2 last year to $8.1 million as a result of rising benchmark rates. Rate increases benefit the revenue that we generate on client cash balances and margin loans.

Other income increased $9.6 million or 400% from Q2 last year largely due to record insurance revenue. Insurance commissions increased by $8.8 million from Q2 last year, driven by an insurance sale that was the largest in the firm's history. Dedicated in-house insurance specialists augment our wealth planning services and allow us to retain more of the commissions on each insurance sale.

Variable advisor compensation, an offset to revenue, was up by 14% commensurate with commissionable revenue growth. Variable advisor compensation as a percentage of commissionable revenue was 50.8% in Q2 2022; up from 49.9% in Q2 last year.

Operating Expenses

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

Adjusted operating expenses were $4.0 million or 14% higher than in Q2 2021. Compensation costs increased 15% from Q2 last year as salaries increased due to annual inflationary adjustments, a more competitive job market, and hiring to support our growth and strategic initiatives. We also implemented a new RSU program in early 2021 which contributed to the expense increase. Previous to our transformation, Richardson Wealth had a similar program as a private company, but the expenses were non-cash and therefore adjusted out of EBITDA. SG&A expenses increased $1.6 million largely in support of business growth.

YTD 2022 vs. YTD 2021

Income (Loss) Before Income Taxes

Income before taxes increased largely due to a $5.1 million decline in charges related to our ongoing organizational transformation as well as the factors highlighted in the Adjusted EBITDA section below.

Adjusted EBITDA

Adjusted EBITDA was $1.3 million higher than in the same period last year as revenue growth was partly offset by advisor compensation paid on that revenue and higher operating expenses.

Revenue

Revenue was up by $16.9 million or 10% from first half 2021.

	Six months ended June 30,		Increase/(decrease)	
($000's, except as otherwise indicated)	2022	2021	$/#	%
AUA[1] - average ($millions)	35,923	32,759	3,164	10
Fee revenue	130,202	116,545	13,657	12
Insurance revenue	12,438	1,833	10,605	n.m.
New issue participation (# of deals)	154	364	(210)	(58)
Asset yield[2] (%)	0.80	0.80	—	—
Adjusted EBITDA[3] margin (%)	17.5	18.5		(100) bps

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.

Wealth management revenue increased 9% led largely by fee revenue. Fee revenue was up $13.7 million or 12% from first half 2021 largely due to average AUA growth and higher performance-based fees that several of our advisors charge in February of each year. Those performance fees increased $2.9 million year-over-year because of exceptional investment performance in 2021. In addition to variable compensation we pay our advisors, we also pay a portion of those fees to third-party investment managers, so we incurred $1.9 million of incremental SG&A costs (see Adjusted Operating Expenses section below), with the net benefit being $1.0 million. Partly offsetting these increases were lower client trading commissions, which decreased $2.5 million or 16%.

Other sources of revenue increased or decreased for the same reasons as discussed above when comparing Q2 2022 to Q2 2021.

Operating Expenses

Adjusted operating expenses were $5.2 million or 8% higher than in first half 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) and general increases in support of business growth. Compensation costs also increased for the same reasons cited in the Q2 discussion above.

Corporate

	Three months ended June 30,		Increase/(decrease)		Six months ended June 30,		Increase/(decrease)	
($000's)	2022	2021	$	%	2022	2021	$	%
Revenues	7	104	(97)	(93)	4	73	(69)	95
Employee compensation and benefits	1,178	1,193	(15)	(1)	2,248	2,200	48	2
Selling, general and administrative	507	1,034	(527)	(51)	1,461	2,424	(963)	(40)
Transformation costs	—	—	—	—	—	1,130	(1,130)	(100)
Operating expenses[1,2]	1,685	2,227	(542)	(24)	3,709	5,754	(2,045)	(36)
EBITDA[2]	(1,678)	(2,123)	445	(21)	(3,705)	(5,681)	1,976	(35)
Interest	1,409	844	565	67	2,649	1,033	1,616	156
Amortization of acquired intangibles	3,263	3,263	—	n.m.	6,526	6,526	—	—
Income (loss) before income taxes - reported	(6,350)	(6,230)	(120)	2	(12,880)	(13,240)	360	3
Adjusting items[3]:								
Transformation costs	—	—	—	—	—	1,130	(1,130)	(100)
Amortization of acquired intangibles	3,263	3,263	—	100	6,526	6,526	—	—
Total adjusting items	3,263	3,263	—	—	6,526	7,656	(1,130)	(15)
Adjusted results:								
Operating expenses[1,2]	1,685	2,227	(542)	(24)	3,709	4,624	(915)	(20)
EBITDA[2]- Corporate	(1,678)	(2,123)	445	(21)	(3,705)	(4,551)	846	19
Income (loss) before income taxes[2] - Corporate	(3,087)	(2,967)	(120)	4	(6,354)	(5,584)	(770)	(14)

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 "Q2 2022 – Items of Note" in this MD&A

Q2 2022 vs. Q2 2021

Income (loss) before income taxes

Our reported loss before tax increased largely due to higher interest expense in connection with our new revolving credit facility. Previously, the majority of our debt was held at Richardson Wealth and interest expense was recorded in the Wealth Management segment. This increase was partly offset by $0.4 million in lower directors' fees in connection with a deferred compensation plan for directors.

Adjusted EBITDA

Adjusted EBITDA improved compared with Q2 last year largely due to the $0.4 million decline in directors' fees discussed above.

YTD 2022 vs. YTD 2021

Income (loss) before income taxes

Our reported loss before tax declined compared with the first half of 2021 as a $1.1 million reduction in costs related to our ongoing transformation and lower directors' fees (see Q2 discussion above) were mostly offset by higher interest expense in connection with our new revolving credit facility (net of promissory note) and $0.4 million in higher dividends related to preferred shares issued directly by Richardson Wealth to Richardson Financial Group Limited. These preferred shares are reported as debt under IFRS and the dividends are recorded as interest expense.

Adjusted EBITDA

Adjusted EBITDA improved compared with first half last year largely due to the decline in directors' fees mentioned 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	2022				2021		2020
($000's, except as otherwise indicated)	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Wealth management	68,067	74,810	71,390	67,297	65,401	66,294	47,226	—
Corporate finance	2,529	2,133	5,467	3,933	6,104	6,198	1,984	—
Interest	8,132	5,014	4,474	4,319	4,455	4,573	4,271	2,463
Other income	12,025	6,803	4,780	4,133	3,104	6,598	7,233	5,043
Revenue	90,753	88,760	86,111	79,682	79,064	83,662	60,715	7,506
Advisor variable compensation	39,078	40,839	38,285	34,714	34,138	35,474	23,726	—
Gross margin[1]	51,675	47,921	47,826	44,968	44,926	48,188	36,989	7,506
Operating expenses[2,3]	37,493	38,412	37,263	41,482	34,096	43,702	27,491	12,503
Share of loss of associate[4]	—	—	—	—	—	—	(1,591)	(415)
Gain on investment in associate	—	—	—	—	—	—	45,734	—
EBITDA[3]	14,182	9,509	10,564	3,486	10,829	4,486	53,641	(5,412)
Interest	2,348	2,140	1,543	1,687	2,048	1,353	1,108	212
Depreciation and amortization	6,743	6,534	6,510	5,982	6,231	6,082	5,352	132
Advisor loan amortization	4,240	4,012	4,054	4,257	4,485	4,938	3,490	—
Income (loss) before income taxes	851	(3,177)	(1,544)	(8,441)	(1,935)	(7,885)	43,691	(5,755)
Net income (loss) from continuing operations	58	(3,147)	(2,357)	(8,462)	(1,858)	(7,475)	39,992	(5,760)
Net income (loss) from discontinued operation	—	—	—	—	—	—	—	(217)
Net income (loss)	58	(3,147)	(2,357)	(8,462)	(1,858)	(7,475)	39,992	(5,977)
Net income (loss) per Common Share:								
Basic	(0.11)	(0.44)	(0.24)	(1.35)	(0.43)	(1.25)	5.11	(0.79)
Diluted	(0.11)	(0.44)	(0.24)	(1.35)	(0.43)	(1.25)	2.55	(0.79)
Adjusting items[5]:								
Transformation costs and other provisions	2,415	1,543	1,730	9,517	2,513	7,630	1,201	3,901
Amortization of acquired intangibles	3,263	3,263	3,263	3,263	3,263	3,263	2,589	—
Gain on investment in associate	—	—	—	—	—	—	(45,734)	—
Total adjusting items	5,678	4,806	4,995	12,780	5,776	10,893	(41,944)	3,901
Adjusted Results:								
Operating expenses[2,3]	35,078	36,870	35,534	31,965	31,583	36,071	26,290	8,601
EBITDA - Consolidated[3]	16,597	11,051	12,294	13,003	13,342	12,116	9,108	(1,511)
Income (loss) before income taxes[3] - Consolidated	6,529	1,629	3,451	4,339	3,841	3,008	1,747	(1,854)
Net income (loss) from continuing operations[3]	4,010	393	1,395	2,491	2,403	1,068	(1,242)	(2,076)

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, "Q1 2022 – Items of Note" in our First Quarter 2022 MD&A, and "Q2 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 June 2022 and December 2021.

As at ($000's)	June 30, 2022	December 31, 2021	Increase/(decrease) $	 %
Selected highlights:				
Total assets	2,474,722	2,216,015	258,707	12
Shareholders' equity	350,521	354,890	(4,369)	(1)
Term debt[1]	110,922	110,922	—	—
Net working capital[2]	103,646	95,758	7,888	8

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 $259 million from December 31, 2021, due to higher client cash balances and the general growth of our business. Shareholders' equity decreased by $4.4 million mainly due to the $3.1 million net loss we reported in first half 2022 and preferred share dividends.

Term Debt

($000's, except as otherwise indicated)	June 30, 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	1.7	2.2
Adjusted EBITDA[1] - consolidated to interest[2]	12.5	15.6

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
2. Commencing in Q2 2022, includes interest expense on term debt, lease liabilities and client accounts. Prior periods have been restated to conform to current period presentation.

Revolving Credit Facility

In September 2021, we secured a $200 million revolving credit facility with a syndicate of lenders. As of June 30, 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 June 30, 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, growth initiatives, share repurchases under our NCIB 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 to manage through periods of financial stress. If equity markets or other business conditions deteriorate to a level that adversely impacts our expected cash flow, we will take swift action to preserve our liquidity position.

As of June 30, 2022, we had net working capital of $103.6 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 $429.9 million at June 30, 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 June 30, 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 $811.5 million of liquid assets[1] at June 30, 2022 ($554.7 million at December 31, 2021).

Capital Requirements of Subsidiaries

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. Our capital levels complied with all regulatory requirements during Q2 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, July 28, 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.

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 began trading on a post-Consolidation basis on March 30, 2022.

Normal Course Issuer Bid

On March 4, 2022, we announced that the TSX approved our notice of intention to make an NCIB to purchase up to a maximum of 548,571 Common Shares during the period from March 9, 2022, to March 8, 2023, or such earlier time as we complete our purchases pursuant to the bid or provide notice of termination. The NCIB will be made in accordance with the requirements of the TSX. Any Common Shares purchased under the NCIB will be cancelled. The maximum number of shares that may be purchased under the NCIB represents approximately 10% of our Company's public float of approximately 5,485,719 Common Shares following the Consolidation. During Q2 2022, we repurchased 16,426 Common Shares for cancellation under our NCIB.

During Q2 2022, in connection with the NCIB, we entered into an automatic share purchase plan (ASPP) with a designated broker to allow for the repurchase of our Common Shares under the NCIB at times when we would ordinarily not be permitted to purchase our securities due to regulatory restrictions and customary self-imposed blackout periods. Pursuant to the ASPP, purchases are made by the designated broker based on pre-established purchasing parameters, without further instructions by the Company, in compliance with the rules of the Toronto Stock Exchange (TSX), applicable securities laws and the terms of the ASPP. The ASPP was pre-cleared by the TSX and was implemented on May 16, 2022. All purchases made under the ASPP will be included in computing the number of Common Shares purchased under the NCIB.

We implemented the NCIB because we believe that the market price of our Common Shares may not reflect fully their intrinsic value from time to time. 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 even as 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.

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. Except as explained in Note 2 to the Second Quarter 2022 Financial Statements, the accounting policies applied by us as at and for the three months ended June 30, 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 Q2 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 June 30, 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 Q2 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 Risk Committee of the Board 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 non-GAAP financial measures, non-GAAP ratios and supplemental financial 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 financial measures, including non-GAAP ratios, and supplemental measures 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

A non-GAAP financial measure is a financial measure used to depict our historical or expected future financial performance, financial position or cash flow and, with respect to its composition, either excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in our Second Quarter 2022 Financial Statements. A non-GAAP ratio is a financial measure disclosed in the form of a ratio, fraction, percentage, or similar representation and that has a non-GAAP financial measure as one or more of its components.

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

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.

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 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; and

- **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 reconciles our reported operating expenses to adjusted operating expenses:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Total consolidated expenses - reported	50,824	46,861	101,922	102,934
Interest	2,348	2,048	4,488	3,401
Advisor loan amortization	4,240	4,485	8,252	9,423
Depreciation and amortization	6,743	6,231	13,277	12,313
Operating expenses	37,493	34,097	75,905	77,797
Transformation costs and other provisions	2,415	2,513	3,958	10,143
Adjusted operating expenses	35,078	31,583	71,947	67,653

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

($000's)	Three months ended June 30, 2022	2021	Six months ended June 30, 2022	2021
Net income (loss) - reported	58	(1,858)	(3,089)	(9,333)
After-tax adjusting items:				
Transformation costs and other provisions	1,554	1,863	2,696	8,006
Amortization of acquired intangibles	2,398	2,398	4,797	4,797
Adjusted net income (loss)	4,010	2,403	4,403	3,470

Supplemental Financial Measures

A supplementary financial measure is a financial measure that is not reported in our Second Quarter 2022 Financial Statements, and is, or is intended to be, reported periodically to represent historical or expected future financial performance, financial position, or cash flows. The Company's key SFMs disclosed in this MD&A include AUA, recruiting pipeline, and net new and recruited assets. Management uses these measures to assess the operational performance of the Company's Wealth Management business segment. These measures do not have any definition prescribed under IFRS and do not meet the definition of a non-GAAP measure or non-GAAP ratio and may differ from the methods used by other companies and therefore these measures may not be comparable to other companies. The composition and explanation of a SFM is provided in this MD&A where the measure is first disclosed if the SFM's labelling is not sufficiently descriptive.

($ thousands)

As at	Note	June 30, 2022	December 31, 2021
ASSETS			
Cash and cash equivalents		771,811	518,099
Securities owned	4, 13	56,873	62,355
Receivable from:			
Clients		498,285	610,376
Brokers		116,526	90,802
Client funds held in trust		522,002	466,336
Employee and other loans receivable	7	49,923	50,303
Equipment and leasehold improvements		21,966	15,541
Right-of-use assets		58,349	19,547
Other assets	5	16,587	13,920
Deferred tax assets		18,986	20,584
Goodwill and intangible assets	8	343,414	348,152
		2,474,722	2,216,015
LIABILITIES			
Obligations related to securities sold short	4, 13	22,905	13,625
Lease liabilities		64,692	23,256
Payable to:			
Clients		1,598,512	1,333,692
Brokers		204,921	248,260
Issuers		25	824
Accounts payable and accrued liabilities		50,681	55,560
Provisions	10	25,609	27,323
Deferred tax liability		45,934	47,663
Long-term debt	14	110,922	110,922
		2,124,201	1,861,125
EQUITY			
Shareholders' equity	9	350,521	354,890
		2,474,722	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 June 30,		Six months ended June 30,	
	Note	2022	2021	2022	2021
REVENUE					
Wealth management		68,067	65,401	142,877	131,696
Corporate finance		2,529	6,104	4,662	12,301
Interest		8,132	4,455	13,146	9,028
Other	3	12,025	3,104	18,828	9,701
TOTAL REVENUE	3	90,753	79,064	179,513	162,726
Variable advisor compensation		39,078	34,138	79,917	69,612
GROSS MARGIN		51,675	44,926	99,596	93,114
EXPENSES					
Employee compensation and benefits		20,119	17,700	40,067	37,926
Selling, general and administrative		14,959	13,884	31,880	29,728
Advisor loan amortization	7	4,240	4,485	8,252	9,423
Transformation costs and other provisions		2,415	2,513	3,958	10,143
Interest		2,348	2,048	4,488	3,401
Depreciation and amortization		6,743	6,231	13,277	12,313
		50,824	46,861	101,922	102,934
Income/(loss) before income taxes		851	(1,935)	(2,326)	(9,820)
Income tax expense/(recovery)					
Current		482	452	895	885
Deferred		311	(529)	(132)	(1,372)
		793	(77)	763	(487)
Net income/(loss)		58	(1,858)	(3,089)	(9,333)
Weighted-average number of common shares outstanding: (in thousands)					
Basic	12	9,602	6,765	9,603	6,765
Diluted		15,869	15,939	15,870	15,938
Net loss per common share (dollars):					
Basic	12	(0.11)	(0.43)	(0.55)	(1.69)
Diluted		(0.11)	(0.43)	(0.55)	(1.69)

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 June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Net income/(loss)	58	(1,858)	(3,089)	(9,333)
Other comprehensive income/(loss)				
Item that may be subsequently reclassified to net income/(loss):				
Foreign currency translation gain	(7)	—	(4)	—
Total other comprehensive income/(loss)	(7)	—	(4)	—
Total comprehensive income/(loss) attributable to shareholders	51	(1,858)	(3,093)	(9,333)

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	—	—	—	—	—	(4)	—	(4)
Share consolidation	—	—	(140,760)	—	—	—	—	—
Common shares purchased and cancelled	—	—	(16)	(171)	—	86	—	(85)
Share-based compensation	—	—	—	—	955	—	—	955
Preferred share dividends	—	—	—	—	—	—	(2,146)	(2,146)
Net loss	—	—	—	—	—	—	(3,089)	(3,089)
As at June 30, 2022	4,600	112,263	15,624	464,496	45,058	18,924	(290,220)	350,521

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)

		Six months ended June 30,	
	Note	2022	2021
OPERATING ACTIVITIES			
Net income/(loss)		(3,089)	(9,333)
Add/(deduct) items not involving cash:			
Depreciation and amortization		13,277	12,313
Advisor loan amortization	7	8,252	9,423
Accretion of lease liability expense		1,693	609
Deferred income taxes		(132)	(1,372)
		20,001	11,640
Net change in non-cash operating items	11	249,968	(31,637)
Cash provided by operating activities		269,969	(19,997)
FINANCING ACTIVITIES			
Dividends paid on preferred shares	9	(2,146)	(2,066)
Purchase of shares for cancellation	9	(85)	—
Partial repayment of subordinated debt		—	(1,000)
Principal elements of lease payments		(4,477)	(4,119)
Cash used in financing activities		(6,708)	(7,185)
INVESTING ACTIVITIES			
Intangibles	8	(1,909)	(3,809)
Equipment and leasehold improvements		(7,636)	(4,444)
Cash used in investing activities		(9,545)	(8,253)
Effect of foreign exchange on cash balances		(4)	—
Net change in cash and cash equivalents		253,712	(35,435)
Cash and cash equivalents, beginning of period		518,099	556,245
Cash and cash equivalents, end of period		771,811	520,810
Supplemental cash flow information			
Interest paid		4,276	4,245
Interest received		12,451	8,806
Taxes paid		(858)	(1,130)

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.

These Interim Financial Statements were authorized for issuance by the Company's Board of Directors on July 28, 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 revenue 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 commission revenue where the performance obligation is satisfied at the date of the transaction.

<u>Corporate finance</u>: Corporate finance revenue 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.

($ THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

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. Beginning with grants issued in 2022, 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 six months ended June 30, 2022.

Note 3 – Revenue

Revenue from Contracts with Customers

The following table presents disaggregated revenue information for the Company for the three months ended June 30, 2022 and 2021.

	2022	2021
Wealth management	68,067	65,401
Corporate finance	2,529	6,104
Other customer revenue	10,430	2,041
Revenue - contracts with customers	81,026	73,546
Other revenue	9,727	5,518
Total revenue	90,753	79,064
Timing of revenue recognition		
Point in time	8,207	13,018
Over time	72,819	60,528
Revenue - contracts with customers	81,026	73,546
Other revenue	9,727	5,518
Total revenue	90,753	79,064

($ THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

The following table presents disaggregated revenue information for the Company for the six months ended June 30, 2022 and 2021.

	Six months ended June 30,	
	2022	2021
Wealth management	142,877	131,696
Corporate finance	4,662	12,301
Other customer revenue	14,888	5,296
Revenue - contracts with customers	162,427	149,293
Other revenue	17,086	13,433
Total revenue	179,513	162,726
Timing of revenue recognition		
Point in time	6,762	13,018
Over time	155,665	136,275
Revenue - contracts with customers	162,427	149,293
Other revenue	17,086	13,433
Total revenue	179,513	162,726

Other Income

The following table presents a breakdown of the Company's other income for the three months ended June 30, 2022 and 2021.

	2022	2021
Insurance commissions	9,239	473
Foreign exchange	1,880	1,630
Brokerage services	728	765
Other	178	236
	12,025	3,104

The following table presents a breakdown of the Company's other income for the six months ended June 30, 2022 and 2021.

	2022	2021
Insurance commissions	12,438	1,833
Foreign exchange	3,598	3,782
Brokerage services	1,449	1,519
Other	1,343	2,567
	18,828	9,701

($ THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

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 June 30, 2022 and December 31, 2021.

	June 30, 2022		December 31, 2021	
	Securities owned	Securities sold short	Securities owned	Securities sold short
Debt securities:				
Canadian and U.S. federal governments	39,645	13,050	36,600	9,214
Canadian provincial and municipal governments	7,682	5,077	8,501	2,292
Corporate and other	8,592	4,773	16,435	2,109
Equity securities	763	5	472	10
Derivative financial instruments	191	—	347	—
	56,873	22,905	62,355	13,625

As at June 30, 2022, the Company had $32,795 in securities pledged as collateral to central clearing agencies and custodians, compared to $22,129 at December 31, 2021.

Note 5 – Other Assets

The following table presents a breakdown of the Company's other assets as at June 30, 2022 and December 31, 2021.

	2022	2021
Accounts receivable	8,093	6,353
Finance lease receivable	355	707
Prepaid deposits	8,139	6,860
	16,587	13,920

($ THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

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 June 30, 2022 and December 31, 2021.

	Borrowed		Lent	
	Securities borrowed	Cash delivered as collateral	Securities lent	Cash received as collateral
As at June 30, 2022	24,233	24,872	73,410	76,533
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 June 30, 2022 and December 31, 2021.

	2022	2021
Investment advisor loans	43,920	43,722
Transition agreements for retirees	1,357	1,602
Other loans	4,646	4,979
	49,923	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 and six months ended June 30, 2022, the Company recorded advisor loan amortization of $4,240 and $8,252 (2021 - $4,485 and $9,423) 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 June 30, 2022 and December 31, 2021.

	Goodwill	Intangibles	Total
Cost			
As at December 31, 2021	164,957	198,856	363,813
Additions[1]	—	1,909	1,909
As at June 30, 2022	164,957	200,765	365,722
Accumulated amortization			
As at December 31, 2021		15,661	15,661
Amortization		6,647	6,647
As at June 30, 2022		22,308	22,308
Net book value			
As at December 31, 2021	164,957	183,195	348,152
As at June 30, 2022	164,957	178,457	343,414

[1]Additions relate to the Envestnet portfolio management platform.

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 June 30, 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 pursuant to the NCIB.

During the six months ended June 30, 2022, the Company repurchased 16,426 shares for cancellation under the NCIB at a total cost of $237.

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 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
June 30, 2022	0.233313	1,073

On July 28, 2022, the Board of Directors approved a cash dividend of $0.233313 per Series B preferred share payable on September 30, 2022, to preferred shareholders of record on September 15, 2022.

Note 10 – Provisions, Contingencies and Commitments

A summary of the Company's provisions as at June 30, 2022 and the changes during the period are as follows:

As at December 31, 2021	27,323
Payments[1]	(1,714)
As at June 30, 2022	25,609

[1]Includes $600 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 for the six months ended June 30, 2022 and 2021.

	2022	2021
Securities owned	5,482	2,652
Receivable from clients and brokers	86,367	(52,032)
Client funds held in trust	(55,666)	(13,000)
Employee and other loans receivable	(7,872)	8,496
Other assets	(2,667)	(2,376)
Obligations related to securities sold short	9,280	(906)
Payable to clients, brokers and issuers	220,682	32,374
Accounts payable and accrued liabilities	(3,924)	(11,868)
Provisions	(1,714)	5,023
	249,968	(31,637)

($ 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 and six months ended June 30, 2022 and 2021:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Net income/(loss) from operations	58	(1,858)	(3,089)	(9,333)
Less: dividends on preferred shares	(1,073)	(1,073)	(2,146)	(2,066)
Net loss attributable to common shareholders	(1,015)	(2,931)	(5,235)	(11,399)
Weighted-average number of common shares outstanding:				
Basic				
Common shares[1]	15,869	15,938	15,870	15,938
Common shares held by the SIP Trust[1,2]	(231)	(126)	(231)	(127)
Contingently returnable common shares held in escrow[1]	(6,036)	(9,047)	(6,036)	(9,047)
	9,602	6,765	9,603	6,765
Diluted				
Dilutive effect of options	—	1	—	—
Dilutive effect of shares held by the SIP Trust[1,2]	231	126	231	127
Dilutive effect of contingently returnable common shares held in escrow[1]	6,036	9,047	6,036	9,047
	15,869	15,939	15,870	15,938
Net income/(loss) per common share - Basic	(0.11)	(0.43)	(0.55)	(1.69)
Net income/(loss) per common share - Diluted[3]	(0.11)	(0.43)	(0.55)	(1.69)

[1]On March 25, 2022, the Company completed the Consolidation of its common shares on a ratio of 1 post-consolidation share for every 10 pre-consolidation shares. 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 eligible participants upon vesting, for RSUs that were granted before 2022.

[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 hierarchy of the Company's financial assets and liabilities that are carried at fair value:

As at June 30, 2022	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Securities owned				
Debt securities				
Canadian and U.S. federal governments	35,059	4,586	—	39,645
Provincial and municipal governments	—	7,682	—	7,682
Corporate and other	—	8,592	—	8,592
Equity securities	759	4	—	763
Derivative financial assets	—	—	191	191
Financial assets carried at fair value	35,818	20,864	191	56,873
Financial liabilities				
Obligations related to securities sold short				
Debt securities				
Canadian and U.S. federal governments	3,759	9,291	—	13,050
Provincial and municipal governments	—	5,077	—	5,077
Corporate and other	—	4,773	—	4,773
Equity securities	5	—	—	5
Financial liabilities carried at fair value	3,764	19,141	—	22,905

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 loss before income taxes	(168)
Proceeds from disposition	12
As at June 30, 2022	191

There were no transfers from Level 3 for the six months ended June 30, 2022 and 2021.

Note 14 – Long-Term Debt

The following table presents a breakdown of the Company's debt obligations as at June 30, 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 June 30, 2022, the Company was compliant with the covenants associated with the Facility.

Preferred shares

Certain redeemable preferred shares issued by the Company's wholly owned subsidiary, Richardson Wealth Limited, 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 $429.9 million at June 30, 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 June 30, 2022 or December 31, 2021.

Note 15 – Share-Based Awards

On March 14, 2022, the Company granted 623 RSUs and 77 PSUs to employees that entitle them to a cash payment on December 1, 2024. The RSUs and PSUs were issued at a grant price of $16.46. The amount of the cash payment is based on the weighted average closing price of the Company's common shares on the TSX for the 30 consecutive trading days immediately prior to the vesting date.

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 by segment for the three and six months ended June 30, 2022 and 2021.

	Three months ended June 30,					
	Wealth Management		Corporate		Total	
	2022	2021	2022	2021	2022	2021
Total revenue	90,746	78,960	7	104	90,753	79,064
Variable advisor compensation	39,078	34,138	—	—	39,078	34,138
Gross margin	51,668	44,822	7	104	51,675	44,926
Expenses						
Employee compensation and benefits	18,941	16,507	1,178	1,193	20,119	17,700
Selling, general and administrative	14,452	12,850	507	1,034	14,959	13,884
Advisor loan amortization	4,240	4,485	—	—	4,240	4,485
Transformation costs and other provisions	2,415	2,513	—	—	2,415	2,513
Interest	939	1,204	1,409	844	2,348	2,048
Depreciation and amortization[1]	3,480	2,968	3,263	3,263	6,743	6,231
	44,467	40,527	6,357	6,334	50,824	46,861
Income/(loss) before income taxes	7,201	4,295	(6,350)	(6,230)	851	(1,935)

[1] In the Corporate segment, amortization of $3,263 for the three months ended June 30, 2022 (2021 - $3,263) is primarily related to customer relationships and intangible brand assets.

($ THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Six months ended June 30,					
	Wealth Management		Corporate		Total	
	2022	2021	2022	2021	2022	2021
Total revenue	179,509	162,653	4	73	179,513	162,726
Variable advisor compensation	79,917	69,612	—	—	79,917	69,612
Gross margin	99,592	93,041	4	73	99,596	93,114
Expenses						
Employee compensation and benefits	37,819	35,727	2,248	2,200	40,067	37,927
Selling, general and administrative	30,419	27,304	1,461	2,424	31,880	29,728
Advisor loan amortization	8,252	9,423	—	—	8,252	9,423
Transformation costs and other provisions	3,958	9,013	—	1,130	3,958	10,143
Interest	1,839	2,368	2,649	1,033	4,488	3,401
Depreciation and amortization[1]	6,751	5,787	6,526	6,526	13,277	12,313
	89,038	89,621	12,884	13,313	101,922	102,934
Income/(loss) before income taxes	10,554	3,420	(12,880)	(13,240)	(2,326)	(9,820)

[1]In the Corporate segment, amortization of $6,526 for the six months ended June 30, 2022 (2021 - $6,526) is primarily related to customer relationships and intangible brand assets.