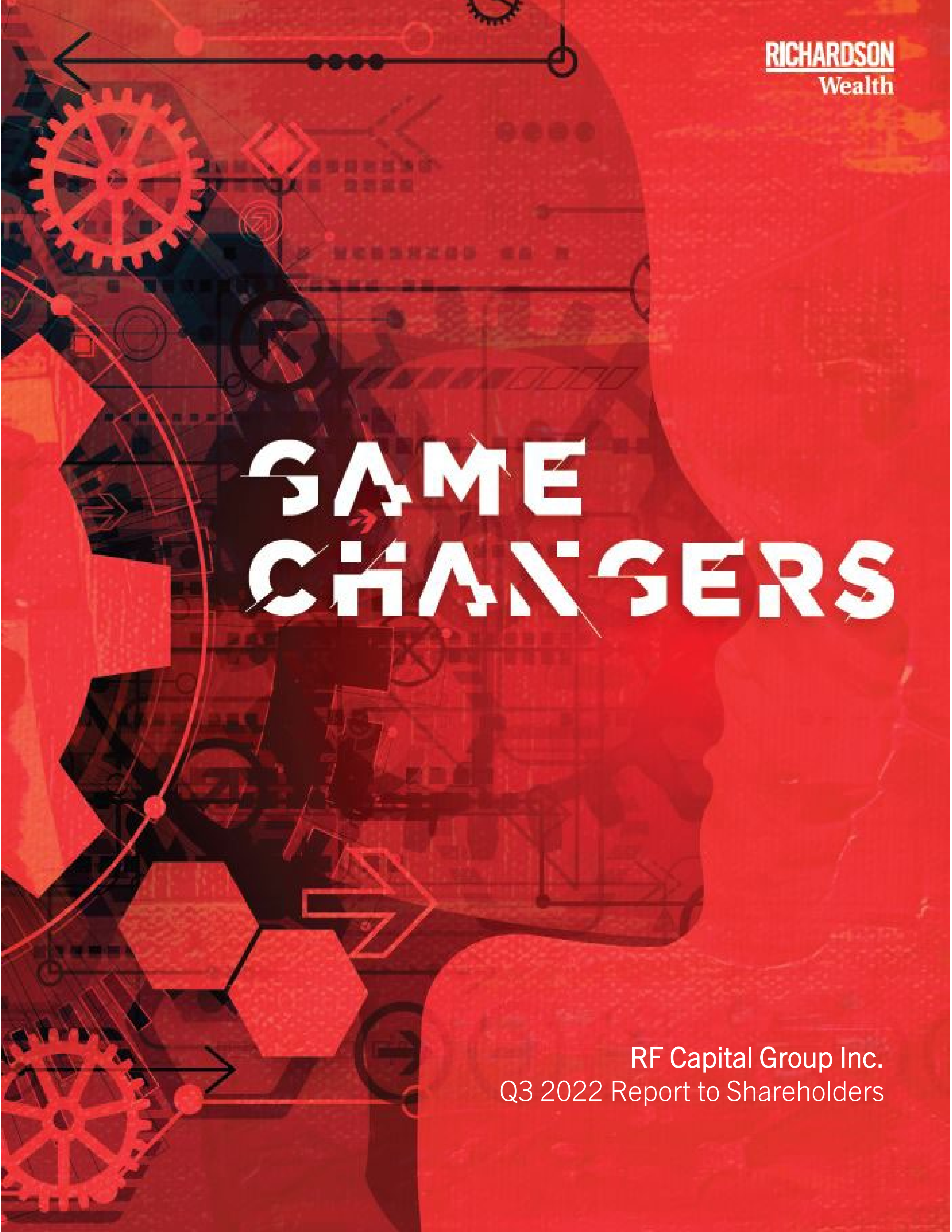


RICHARDSON Wealth

GAME CHANGERS

RF Capital Group Inc.

Q3 2022 Report to Shareholders

A MESSAGE FROM OUR PRESIDENT & CEO

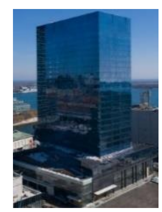
KISH KAPOOR

Third quarter results reflect the continued volatility in global equity and debt markets. The S&P/TSX Composite and S&P 500 indices are down 15.7% and 20.9% since March 31st, resulting in a $3.5 billion or 9.4% drop in our AUA and an 8.7% decline in our fee-based revenue since Q1. Corporate finance revenues also remain low industry wide and at our firm. Higher interest revenue due to the rising rate environment partly insulated our performance from the effects of volatile markets. Interest revenue increased $8.1 million or 201% compared to Q3 last year, driven largely by a thirteen-fold increase in benchmark rates. Insurance revenue was also up over Q3 2021.

The combined impact of these trends was that Q3 Adjusted EBITDA[1] on a consolidated basis rose to a record high of $17.0 million, up $4.0 million or 31% over the same period in 2021, and up 2.4% from the previous record setting performance in Q2 2022.

We expect volatility in the markets and rising interest rates will continue to impact our results in the upcoming quarter. You can read more about our outlook in the accompanying MD&A.

New Flagship Corporate Headquarters in Toronto and other highlights



Later this month, we will proudly open our brand-new Platinum-LEED certified corporate headquarters on Toronto's waterfront. The contemporary design and location reflect the forward-looking values of our prestigious brand and accommodate a hybrid approach to work. In the coming months, we will begin hosting many events to welcome our growing base of clients and advisors to our new offices. We also look forward to hosting investors and analysts who want to learn more about our story.

We celebrated Richardson Wealth's second anniversary in October and, as planned, released three million of the six million shares currently held in escrow. The balance will be released in October 2023. With the October 2022 release, our public float now represents 44% of total common shares outstanding. This past quarter we also repurchased 18,024 common shares under our previously announced NCIB at an average price of $14.05 per share.

Closing remarks

In these difficult markets, we remain focused on the growth levers under our control. This includes expanding our $22 billion recruiting pipeline, assisting our advisors and their teams in learning how to use our new technology platforms (Envestnet and Fidelity), and delivering on the promises we made in 2021 to enhance the overall advisor and client experience. We are confident that in time this focus on execution will result in long-term value creation for all our stakeholders. Thank you for your ongoing support.

Sincerely,

Kish Kapoor

[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

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 nine months ended September 30, 2022.

This MD&A, dated November 3, 2022, should be read in conjunction with the unaudited interim condensed consolidated financial statements and related notes as at and for the three and nine months ended September 30, 2022 (Third 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 Third 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), the project to outsource our carrying broker operations to Fidelity Clearing Canada (Fidelity), our recruiting pipeline, 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.

Q3 2022 - Select Financial Information

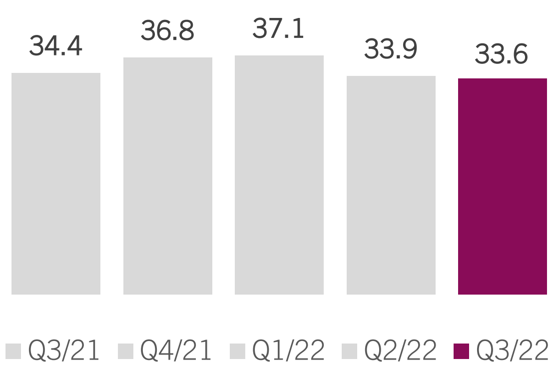
($000's, except as otherwise indicated)	Three months ended September 30, 2022	2021	Increase/(decrease) $	%	Nine months ended September 30, 2022	2021	Increase/(decrease) $	%
Key Performance Drivers - Wealth Management Segment								
AUA - ending ($ millions)[1]	33,604	34,360	(756)	(2)	33,604	34,360	(756)	(2)
Fee revenue	61,974	61,957	17	—	192,176	178,502	13,674	8
Fee based revenue (%)[2]	91	90	1	1	87	86	1	1
Adjusted EBITDA[3]	19,293	14,829	4,464	30	50,645	44,841	5,804	13
Adjusted EBITDA margin (%)[3]	22.5	18.6		+390 bps	19.1	18.5		+60 bps
Asset yield (%)[4]	0.86	0.79		+7 bps	0.79	0.80		(1) bps
Operating Performance - Consolidated Reported Results:								
Revenue	85,928	79,682	6,246	8	265,441	242,408	23,033	10
Variable advisor compensation	34,555	34,714	(159)	—	114,472	104,326	10,146	10
Gross margin[5]	51,373	44,968	6,405	14	150,969	138,082	12,887	9
Operating expenses[3,6]	36,435	41,483	(5,048)	(12)	112,340	119,280	(6,940)	(6)
EBITDA[3]	14,938	3,485	11,453	329	38,629	18,802	19,827	105
Income (loss) before income taxes	606	(8,441)	9,047	107	(1,720)	(18,261)	16,541	91
Net income (loss)	(724)	(8,462)	7,738	91	(3,813)	(17,795)	13,982	79
Adjusting Items[7]:								
Transformation costs and other provisions, and amortization of acquired intangibles (pre-tax)	5,318	12,780	(7,462)	(58)	15,802	29,449	(13,647)	(46)
Transformation costs and other provisions, and amortization of acquired intangibles (after-tax)	3,920	10,953	(7,033)	(64)	11,413	23,756	(12,343)	(52)
Adjusted Results:								
Operating expenses[3,6]	34,380	31,966	2,414	8	106,327	99,619	6,708	7
EBITDA[3]	16,993	13,003	3,990	31	44,642	38,462	6,180	16
Income (loss) before income taxes[3]	5,924	4,339	1,585	37	14,082	11,188	2,894	26
Net income (loss)[3]	3,197	2,491	706	28	7,600	5,962	1,638	27

($000's, except as otherwise indicated)	As at September 30, 2022	2021	Increase/(decrease) $	%
Select balance sheet information:				
Total assets	2,050,638	2,186,699	(136,061)	(6)
Term debt[8]	110,922	110,922	—	—
Shareholders' equity	348,866	357,862	(8,996)	(3)
Net working capital[3]	101,980	108,502	(6,522)	(6)
Common share information:				
Book value per common share ($)	14.93	15.41	(0.48)	(3)
Closing share price ($)	14.46	21.80	(7.34)	(34)
Common shares outstanding[9] (millions)	15.8	15.9	(0.1)	(1)
Common share market capitalization ($ millions)	229	347	(118)	(34)

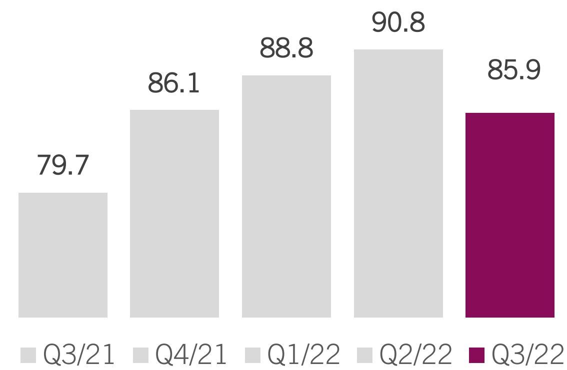
1. AUA is a measure of client assets and is common to the wealth management business. It represents the market value of client assets managed and administered by us on which we earn commissions and fee revenue.
2. Calculated as fee revenue divided by commissionable revenue in our Wealth Management segment. 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. 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 "Q3 2022 – Items of Note" in this MD&A
8. Includes revolving credit facility and preferred share liability
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.

Q3 2022 – Operating Highlights

AUA[1]



Quarterly Revenue



Recruiting Momentum

Grew recruiting pipeline[3] by $1 billion in Q3 2022 to $22 billion

NCIB

18,024 shares repurchased in Q3/22

Enhanced Digital Capabilities

Continued to roll out Envestnet

Conversion to Fidelity's Unifide Platform on track for year-end

Q3 2022 Select Financial Highlights (Consolidated)

$6.2 Million
or 8% growth in revenue compared with Q3 last year

201%
Growth in interest revenue compared with Q3 last year

$17.0 Million
Record quarterly Adjusted EBITDA[2] in Q3 2022

19.8%
Adjusted EBITDA margin[2] in Q3/22 compared with 16.3% in Q3 last year

1. AUA is a measure of client assets and is common to the wealth management business. It represents the market value of client assets managed and administered by us from which we earn commissions and fee revenue.
2. Considered to be non-GAAP financial measures, which do not have any standardized meaning prescribed by GAAP under IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. For further information, please see the "Non-GAAP and Supplemental Financial Measures" section at the end of this MD&A.
3. Represents conversation with advisors that have advanced beyond a certain probability threshold, 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 AUA of $33.6 billion (September 30, 2022). We have 161 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 the end of 2025.

A favourable long-term market outlook will 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]. 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. We are well positioned to capture greater share of this fast-expanding industry.

[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 end of 2025[1]

	Double-down on support for advisors	Supercharge recruiting	Acquire or partner with like-minded firms
Three Strategic Pillars	Double-down on support for advisors	Supercharge recruiting	Acquire or partner with like-minded firms
Anticipated Contribution to EBITDA Growth	20%	20%	60%
	• Provide support for existing advisors to improve their productivity and grow their practices efficiently • Digital transformation and continuous technological innovation • Requires the least amount of capital of any of our three growth pillars	• Dedicated and experienced four-person team focused on recruitment • Added 13 teams since we launched our growth strategy • Strive to add 12-14 advisor teams/year • $22 Billion[2] recruiting pipeline; expected conversion rate of 10%-15% every year	• Add capabilities, talent and/or scale • Pursue M&A when share price better reflects business value • Expected time frame - late 2023 or early 2024

1. During this period of extreme market volatility, we continue to monitor the impact on the delivery of our aspirational growth
2. 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.

We are still in the early stages of our growth and transformation strategy. Nonetheless, we have already made game-changing investments in our operating platform and advisor support, all of which we expect to increase EBITDA in the future. We are successfully executing the core elements of our growth strategy that are within reach and within our control – namely organic growth and recruitment initiatives.

Strategic Priorities

Our near-term focus remains organic growth and recruiting. We will take prudent and measured risks while leveraging the long-term growth components already in place. In addition to helping advisors and their clients navigate the current challenging market environment, our top strategic priorities for the balance of 2022 and early 2023 are as follows:

1. Expanding Richardson Wealth Masterclass, our comprehensive practice management and training program
2. Implementing the Envestnet portfolio management platform and Fidelity's Unifide advisor technology
3. Recruiting new advisors to our platform and succession planning
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. Begin laying the groundwork for acquisitions for late 2023 and early 2024

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. Following the close of business on December 31, 2022, Fidelity Clearing Canada will 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

The increase in interest revenue in a rising rate environment should continue to offset some of the impact of current equity market conditions. We expect Adjusted EBITDA in Q4 to be higher than the same period a year ago but moderately lower than the record setting performances in Q3 and Q2 2022. A more acute softening in global equity markets and issuance activity, or a rebound, could cause actual results to differ from these expectations.

Revenue

Revenue in Q4 should be supported by interest income, which we expect to be the same as Q3 or moderately higher particularly if there is another round of benchmark rate increases in the fourth quarter of 2022.

Relative to Q3, we expect that the growth in interest revenue will be largely offset by lower wealth management and corporate finance revenue. We do not anticipate that AUA will grow materially in Q4 because of market conditions. Recruiting will also remain low as Advisors are opting to join Richardson Wealth in early 2023 following the completion of our conversion to Fidelity rather than in 2022.

Growing insurance revenue remains a strategic focus for us as we continue to expand our in-house capabilities. Our pipeline of insurance deals is currently at a record level and some of that revenue may materialize in Q4. Insurance revenue represented only 1.6% of our total revenue in 2021 but was 5% over the first nine months of this year and we believe could increase to 7%-8% over the next five years.

Operating Expenses

In order to support revenue generation activities and our key strategic growth initiatives, adjusted operating expenses will increase modestly in Q4. A competitive job market has been putting some pressure on costs and we forecast that will continue. Within that context, we will manage the expenses within our control prudently.

Fidelity Strategic Agreement

Beginning in 2023, we expect to realize run-rate operating expense savings from the outsourcing of our carrying broker operations to Fidelity. This relationship should deliver an annualized $10 million EBITDA benefit next year. Specifically, this benefit consists of two components: $6 million of EBITDA uplift related to annualized run-rate expense savings net of revenue sharing and $4 million of avoided 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 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.

Q3 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.

Q3 2022 included the following $5.3 million in adjusting items:

- $2.1 million of pre-tax charges related to our ongoing transformation ($1.5 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.

Q3 2021 included the following $12.8 million in adjusting items:

- $6.3 million in pre-tax transformation costs ($6.1 million after-tax), reported in our Wealth Management segment. These charges relate to the outsourcing of our carrying broker operations.

- $3.2 million of pre-tax charges ($2.4 million after-tax), reported in our Wealth Management segment. These charges encompass a range of transformation-related initiatives.

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

Revenue Categorization

Commencing Q3 2022, we recategorized revenue associated with securities lending activity from interest to other revenue to provide more relevant disclosure. Comparative periods have been realigned to conform to the current period presentation. Total revenue is unchanged in all periods.

Consolidated Financial Performance

The following table presents our consolidated financial results for Q3 and first nine months of 2022 and 2021.

($000's, except as otherwise indicated)	Three months ended September 30, 2022	2021	Increase/(decrease) $	%	Nine months ended September 30, 2022	2021	Increase/(decrease) $	%
Reported Results:								
Revenue	85,928	79,682	6,246	8	265,441	242,408	23,033	10
Variable advisor compensation	34,555	34,714	(159)	—	114,472	104,326	10,146	10
Gross margin[1]	51,373	44,968	6,405	14	150,969	138,082	12,887	9
Operating expenses[2,3]	36,435	41,483	(5,048)	(12)	112,340	119,280	(6,940)	(6)
EBITDA - consolidated[2]	14,938	3,485	11,453	329	38,629	18,802	19,827	105
Net income (loss)	(724)	(8,462)	7,738	91	(3,813)	(17,795)	13,982	79
Adjusted Results:								
Operating expenses[2,3]	34,380	31,966	2,414	8	106,327	99,619	6,708	7
EBITDA - consolidated[2]	16,993	13,003	3,991	31	44,642	38,462	6,180	16
Net income (loss)[2]	3,197	2,491	706	28	7,600	5,962	1,638	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.

Q3 2022 vs. Q3 2021

Net Income (Loss)

Our reported net loss declined $7.7 million from Q3 last year. This improvement was largely due to a $7.0 million decrease in after-tax adjusting items related to our ongoing organizational transformation and improved performance of our Wealth Management segment.

Adjusted EBITDA

We reported record Adjusted EBITDA of $17.0 million in Q3 2022; up 31% from the same period a year ago. The increase was largely due to the performance of our Wealth Management segment.

YTD 2022 vs. YTD 2021

Net Income (Loss)

Our reported net loss declined largely for the same reasons cited when discussing the Q3 2022 consolidated financial results above. After-tax adjusting items were $12.3 million lower in the first nine months of 2022 compared with the same period last year.

Adjusted EBITDA

Adjusted EBITDA increased 26% largely due to an improved performance in our Wealth Management business segment following two consecutive quarterly record setting performances in Q3 and Q2 2022.

Segment Results

The following section presents the financial results of our two business segments for Q3 and first nine months of 2022 and 2021. These segments reflect how we evaluate our financial performance.

Wealth Management

($000's, except as otherwise indicated)	Three months ended September 30, 2022	2021	% Increase/(decrease) $	%	Nine months ended September 30, 2022	2021	Increase/(decrease) $	%
Wealth management	67,064	67,297	(233)	—	209,941	198,993	10,948	6
Corporate finance	2,121	3,933	(1,812)	(46)	6,783	16,234	(9,452)	(58)
Interest	12,082	4,016	8,066	201	24,566	11,598	12,968	112
Other income	4,661	4,449	212	5	24,147	15,523	8,624	56
Revenue	85,928	79,695	6,233	8	265,436	242,348	23,087	10
Variable advisor compensation	34,555	34,714	(159)	—	114,472	104,326	10,146	10
Gross margin[1]	51,373	44,981	6,392	14	150,964	138,022	12,941	9
Employee compensation and benefits	18,082	17,571	511	3	55,901	53,297	2,604	5
Selling, general and administrative	13,998	12,581	1,417	11	44,418	39,885	4,533	11
Transformation costs and other provisions	2,055	9,517	(7,462)	(78)	6,013	18,530	(12,517)	(68)
Operating expenses[2,3]	34,135	39,669	(5,534)	(14)	106,332	111,711	(5,379)	(5)
EBITDA[3]	17,238	5,312	11,926	225	44,632	26,312	18,320	70
Interest	1,199	1,039	160	15	3,038	3,407	(369)	(11)
Depreciation and amortization	3,673	2,719	954	35	10,424	8,506	1,918	23
Advisor loan amortization	4,381	4,257	124	3	12,633	13,680	(1,047)	(8)
Income (loss) before income taxes	7,985	(2,703)	10,688	(395)	18,537	717	17,820	2,486
Adjusting items[4]:								
Transformation costs and other provisions	2,055	9,517	(7,462)	(78)	6,013	18,530	(12,517)	(68)
Total adjusting items	2,055	9,517	(7,462)	(78)	6,013	18,530	(12,517)	(68)
Adjusted results:								
Operating expenses[2,3]	32,080	30,152	1,928	6	100,319	93,181	7,138	8
EBITDA - Wealth Management[3]	19,293	14,829	4,464	30	50,645	44,841	5,804	13
Income (loss) before income taxes - Wealth Management[3]	10,040	6,814	3,226	47	24,550	19,247	5,303	28

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 "Q3 2022 – Items of Note" in this MD&A

Q3 2022 vs. Q3 2021

Income (Loss) Before Income Taxes

Income before taxes increased as transformation costs declined by $7.5 million and due to the factors highlighted in the Adjusted EBITDA section below.

Adjusted EBITDA

Adjusted EBITDA increased by $4.5 million or 30% due to $6.4 million of gross margin growth and despite a $1.9 million increase in operating expenses. Adjusted EBITDA margin was 22.5% in Q3 2022 compared with 18.6% in Q3 last year.

Revenue

Revenue was up by $6.2 million or 8% from Q3 2021 to $85.9 million, led largely by higher interest and insurance revenue. Partly offsetting this increase was the impact of market conditions on corporate finance revenue and client trading commissions. Fee-based revenue was flat compared with the same period last year as average assets, the key driver of this revenue source, was largely unchanged over the same period.

($000's, except as otherwise indicated)	Three months ended September 2022	2021	Increase/(decrease) $	%
AUA[1] - average ($millions)	34,532	34,366	166	—
Fee revenue	61,974	61,957	17	—
Insurance revenue	2,013	1,187	826	70
New issue participation (# of deals)	47	82	(35)	(43)
Asset yield[2] (%)	0.86	0.79		+7 bps
Adjusted EBITDA[3] margin (%)	22.5	18.6		+390 bps
Advisory teams[4]	161	155	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

Interest revenue increased 201% from Q3 last year to $12.1 million as a result of rising benchmark rates and higher cash balances. As benchmark rates rise, so does the yield that we generate on client cash balances and margin loans.

Other income increased $0.2 million from Q3 last year largely due to higher insurance revenue resulting from a growing pipeline of insurance deals.

Fee revenue was unchanged because of the stable average AUA. An increase in net new and recruited assets from Q3 last year was largely offset by the impact of market conditions. Fee revenue represented 91% of commissionable revenue in the Wealth Management segment in Q3 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 stable and recurring.

AUA at the end of the quarter was $33.6 million, down 2% from the same period a year ago and down less than 1% from Q2 2022. We added two advisors and lost one during Q3 2022.

Corporate finance revenue decreased 46% from Q3 last year largely due to an industry-wide slowdown in new issue activity. The number of deals in which we participated decreased 43% compared with Q3 last year.

Variable advisor compensation, an offset to revenue, was down $0.2 million, commensurate with the moderate decrease in commissionable revenue compared with Q3 last year. Variable advisor compensation as a percentage of commissionable revenue was 50.7% in Q3 2022 compared with 50.5% in Q3 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 $1.9 million or 6% higher than in Q3 2021. SG&A expenses increased $1.4 million because of higher costs in connection with increased stock borrowing/lending activity, and the timing of sales tax recoveries. Compensation costs increased 3% from Q3 last year as salaries increased due to normal course 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. Before our transformation, Richardson Wealth had a similar program as a private company, but the expenses were non-cash and therefore adjusted out of EBITDA. These compensation cost increases were partly offset by a true-up of our annual bonus pool.

YTD 2022 vs. YTD 2021

Income (Loss) Before Income Taxes

Income before taxes increased largely due to a $12.5 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 $5.8 million higher than in the same period last year as gross margin growth was partly offset by higher adjusted operating expenses. Adjusted EBITDA margin was 19.1% compared to 18.5% in last year.

Revenue

Revenue was up by $23.1 million or 10% from the first nine months of 2021.

	Nine months ended September 30,		Increase/(decrease)	
($000's, except as otherwise indicated)	2022	2021	$/#	%
AUA[1] - average ($millions)	35,459	33,291	2,168	7
Fee revenue	192,176	178,502	13,674	8
Insurance revenue	14,450	3,020	11,430	378
New issue participation (# of deals)	201	446	(245)	(55)
Asset yield[2] (%)	0.79	0.80	—	(1) bps
Adjusted EBITDA[3] margin (%)	19.1	18.5		+60 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.

Total revenue increased 10% led largely by higher interest and fee-based revenue, and record-setting revenue in our insurance business. Interest revenue increased for the same reasons cited in the Q3 discussion above.

Fee revenue was up $13.7 million or 8% from the first nine months of 2021 largely due to higher average AUA balances. Higher performance-based fees that several of our advisors charge in February of each year also contributed to the increase. Those performance fees increased $2.7 million year-over-year because of exceptional investment performance in 2021.

Partly offsetting these increases were lower corporate finance revenues and client trading commissions, which decreased $9.5 million and $2.7 million respectively. These revenues were down because of ongoing market volatility.

Other income increased $8.6 million or 56% from the first nine months of 2021 largely due to record insurance revenue. Insurance commissions increased by $11.4 million from the same period last year, primarily because of an insurance sale recorded in Q2 2022 that was the largest in the firm's history.

Operating Expenses

Adjusted operating expenses were $7.1 million or 8% higher than in the first nine months of 2021. 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), general increases in support of business growth, and the timing of sales tax recoveries. Compensation costs increased for the same reasons cited in the Q3 discussion above.

Corporate

($000's)	Three months ended September 30, 2022	2021	Increase/(decrease) $	%	Nine months ended September 30, 2022	2021	Increase/(decrease) $	%
Revenues	-	(13)	13	(100)	5	60	(55)	(92)
Employee compensation and benefits	1,027	663	364	55	3,275	2,863	412	14
Selling, general and administrative	1,273	1,151	122	11	2,733	3,575	(842)	(24)
Transformation costs	—	—	—	—	—	1,130	(1,130)	(100)
Operating expenses[1,2]	2,299	1,814	485	27	6,007	7,568	(1,561)	(21)
EBITDA[2]	(2,299)	(1,827)	(472)	(26)	(6,002)	(7,508)	1,506	(20)
Interest	1,816	648	1,168	180	4,465	1,681	2,784	166
Amortization of acquired intangibles	3,263	3,263	—	—	9,789	9,789	(1)	—
Income (loss) before income taxes - reported	(7,379)	(5,738)	(1,641)	(29)	(20,257)	(18,978)	(1,279)	(7)
Adjusting items[3]:								
Transformation costs	—	—	—	—	—	1,130	(1,130)	(100)
Amortization of acquired intangibles	3,263	3,263	—	—	9,789	9,789	—	—
Total adjusting items	3,263	3,263	—	—	9,789	10,919	(1,130)	(10)
Adjusted results:								
Operating expenses[1,2]	2,299	1,814	485	27	6,007	6,438	(431)	(7)
EBITDA[2]- Corporate	(2,299)	(1,827)	(472)	(26)	(6,002)	(6,378)	376	6
Income (loss) before income taxes[2] - Corporate	(4,116)	(2,475)	(1,641)	(66)	(10,468)	(8,059)	(2,409)	(30)

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 "Q3 2022 – Items of Note" in this MD&A

Q3 2022 vs. Q3 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 the associated interest expense was recorded in the Wealth Management segment. Compensation costs were $0.4 million higher largely due to the implementation of a new deferred compensation program in early 2021 and an adjustment to variable compensation in Q3 last year. SG&A expenses increased $0.1 million as higher professional fees and insurance program expenses were mostly offset by mark-to-market adjustments on outstanding deferred share units.

Adjusted EBITDA

Adjusted EBITDA declined compared with Q3 last year largely due to higher operating expenses, as discussed above.

YTD 2022 vs. YTD 2021

Income (loss) before income taxes

Our reported loss before tax increased compared with the first nine months of 2021 largely due to the reasons cited in the Q3 discussion above, combined with a $1.1 million reduction in costs related to our ongoing transformation.

Adjusted EBITDA

Adjusted EBITDA improved compared with the first nine months last year largely due to the mark-to-market adjustments on outstanding deferred share units.

Quarterly Results

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

			2022				2021	2020
($000's, except as otherwise indicated)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Wealth management	67,064	68,067	74,810	71,390	67,297	65,401	66,294	47,226
Corporate finance	2,121	2,529	2,133	5,467	3,933	6,104	6,198	1,984
Interest	12,082	7,683	4,801	4,272	4,016	3,828	3,754	3,394
Other income	4,661	12,474	7,016	4,982	4,436	3,731	7,416	8,110
Revenue	85,928	90,753	88,760	86,111	79,682	79,064	83,662	60,715
Advisor variable compensation	34,555	39,078	40,839	38,285	34,714	34,138	35,474	23,726
Gross margin [1]	51,373	51,675	47,921	47,826	44,968	44,926	48,188	36,989
Operating expenses [2,3]	36,435	37,493	38,412	37,263	41,482	34,096	43,702	27,491
Share of loss of associate [4]	—	—	—	—	—	—	—	(1,591)
Gain on investment in associate	—	—	—	—	—	—	—	45,734
EBITDA [3]	14,938	14,182	9,509	10,564	3,486	10,829	4,486	53,641
Interest	3,015	2,348	2,140	1,543	1,687	2,048	1,353	1,108
Depreciation and amortization	6,936	6,743	6,534	6,510	5,982	6,231	6,082	5,352
Advisor loan amortization	4,381	4,240	4,012	4,054	4,257	4,485	4,938	3,490
Income (loss) before income taxes	606	851	(3,177)	(1,544)	(8,441)	(1,935)	(7,885)	43,691
Net income (loss) from continuing operations	(724)	58	(3,147)	(2,357)	(8,462)	(1,858)	(7,475)	39,992
Net income (loss) from discontinued operation	—	—	—	—	—	—	—	—
Net income (loss)	(724)	58	(3,147)	(2,357)	(8,462)	(1,858)	(7,475)	39,992
Net income (loss) per Common Share:								
Basic	(0.19)	(0.11)	(0.44)	(0.24)	(1.35)	(0.43)	(1.25)	5.11
Diluted	(0.19)	(0.11)	(0.44)	(0.24)	(1.35)	(0.43)	(1.25)	2.55
Adjusting items [5]:								
Transformation costs and other provisions	2,055	2,415	1,543	1,730	9,517	2,513	7,630	1,201
Amortization of acquired intangibles	3,263	3,263	3,263	3,263	3,263	3,263	3,263	2,589
Gain on investment in associate	—	—	—	—	—	—	—	(45,734)
Total adjusting items	5,318	5,678	4,806	4,995	12,780	5,776	10,893	(41,944)
Adjusted Results:								
Operating expenses [2,3]	34,380	35,078	36,870	35,534	31,966	31,583	36,071	26,290
EBITDA - Consolidated [3]	16,993	16,597	11,051	12,294	13,003	13,342	12,116	9,108
Income (loss) before income taxes [3] - Consolidated	5,924	6,529	1,629	3,451	4,339	3,841	3,008	1,747
Net income (loss) from continuing operations [3]	3,197	4,010	393	1,395	2,491	2,403	1,068	(1,242)

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, "Q2 2022 – Items of Note" in our Second Quarter 2022 MD&A, and "Q3 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 September 2022 and December 2021.

As at ($000's)	September 30, 2022	December 31, 2021	Increase/(decrease) $	 %
Selected highlights:				
Total assets	2,050,638	2,216,015	(165,377)	(7)
Goodwill and intangible assets	340,491	348,152	(7,661)	(2)
Shareholders' equity	348,866	354,890	(6,024)	(2)
Term debt[1]	110,922	110,922	—	—
Net working capital[2]	101,980	95,758	6,222	6

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 decreased by $165.4 million from December 31, 2021, largely due to lower client receivables and cash balances. Shareholders' equity decreased by $6.0 million mainly due to the $3.8 million net loss we reported in the first nine months of 2022 and preferred share dividends.

Term Debt

($000's, except as otherwise indicated)	September 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[3]	1.6	2.2
Adjusted EBITDA[1] - consolidated to interest[2,4]	7.3	10.9

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. Includes interest expense on term debt, lease liabilities and client accounts. Prior periods have been restated to conform to current period presentation.
3. For the three months ended September 30, 2022
4. For the twelve months ended December 31, 2021

Revolving Credit Facility

In September 2021, we secured a $200 million revolving credit facility with a syndicate of lenders. As of September 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 September 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 September 30, 2022, we had net working capital of $102.0 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 $439.8 million at September 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 September 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 securities owned on our balance sheet. We had $516.1 million of liquid assets[1] at September 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 Q3 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, November 3, 2022, we had 15.8 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.

Release of Escrowed Shares

Subsequent to quarter end, and in accordance with the terms of the Richardson Wealth share purchase agreement and related escrow agreement, 30% of Common Shares subject to original escrow will be released and delivered to the vendor shareholders, no later than November 10, 2022. The remaining 30% will be released from escrow in October 2023.

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 was 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 Q3 2022, we repurchased 18,024 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 Third Quarter 2022 Financial Statements, the accounting policies applied by us as at and for the three months ended September 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 Q3 2022.

Refer to Note 1and Note 2 to the 2021 Annual Financial Statements for more information.

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 September 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 Q3 2022 that materially affected, or are reasonably likely to materially 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 Third 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 September		Nine months ended September 30,	
	2022	2021	2022	2021
Total consolidated expenses - reported	50,767	53,409	152,689	156,343
Interest	3,015	1,687	7,503	5,088
Advisor loan amortization	4,381	4,257	12,633	13,680
Depreciation and amortization	6,936	5,982	20,213	18,295
Operating expenses	36,435	41,483	112,340	119,280
Transformation costs and other provisions[1]	2,055	9,517	6,013	19,660
Adjusted operating expenses	34,380	31,966	106,327	99,619

1. Excludes $3.3 million of amortization of acquired intangibles, which are categorized as transformation costs

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

	Three months ended September 30,		Nine months ended September 30,	
($000's)	2022	2021	2022	2021
Net income (loss) - reported	(724)	(8,462)	(3,813)	(17,795)
After-tax adjusting items:				
Transformation costs and other provisions	1,522	8,555	4,219	16,561
Amortization of acquired intangibles	2,398	2,398	7,195	7,195
Adjusted net income (loss)	3,197	2,491	7,600	5,962

Supplemental Financial Measures

A supplementary financial measure is a financial measure that is not reported in our Third 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.

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

($ thousands)

As at	Note	September 30, 2022	December 31, 2021
ASSETS			
Cash and cash equivalents		475,170	518,099
Securities owned	4, 13	65,106	62,355
Receivable from:			
Clients		449,878	610,376
Brokers		108,928	90,802
Client funds held in trust		438,814	466,336
Employee and other loans receivable	7	46,676	50,303
Equipment and leasehold improvements		29,116	15,541
Right-of-use assets		55,730	19,547
Other assets	5	23,380	13,920
Deferred tax assets		17,349	20,584
Goodwill and intangible assets	8	340,491	348,152
		2,050,638	2,216,015
LIABILITIES			
Obligations related to securities sold short	4, 13	26,903	13,625
Lease liabilities		63,421	23,256
Payable to:			
Clients		1,233,405	1,333,692
Brokers		138,914	248,260
Issuers		85	824
Accounts payable and accrued liabilities		58,424	55,560
Provisions	10	24,629	27,323
Deferred tax liability		45,069	47,663
Long-term debt	14	110,922	110,922
		1,701,772	1,861,125
EQUITY			
Shareholders' equity	9	348,866	354,890
		2,050,638	2,216,015

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

"Kishore Kapoor"

Kishore Kapoor
President & Chief Executive Officer

"Donald Wright"

Donald Wright
Chair of the Board

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME/(LOSS)

($ thousands)	Note	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
REVENUE					
Wealth management		67,064	67,297	209,941	198,993
Corporate finance		2,121	3,933	6,783	16,234
Interest		12,082	4,016	24,566	11,598
Other	3	4,661	4,436	24,151	15,583
TOTAL REVENUE	3	85,928	79,682	265,441	242,408
Variable advisor compensation		34,555	34,714	114,472	104,326
GROSS MARGIN		51,373	44,968	150,969	138,082
EXPENSES					
Employee compensation and benefits		19,109	18,234	59,176	56,160
Selling, general and administrative		15,271	13,732	47,151	43,460
Advisor loan amortization	7	4,381	4,257	12,633	13,680
Transformation costs and other provisions		2,055	9,517	6,013	19,660
Interest		3,015	1,687	7,503	5,088
Depreciation and amortization		6,936	5,982	20,213	18,295
		50,767	53,409	152,689	156,343
Income/(loss) before income taxes		606	(8,441)	(1,720)	(18,261)
Income tax expense/(recovery)					
Current		558	492	1,453	1,377
Deferred		772	(471)	640	(1,843)
		1,330	21	2,093	(466)
Net income/(loss)		(724)	(8,462)	(3,813)	(17,795)
Weighted-average number of common shares outstanding: (in thousands)					
Basic	12	9,581	6,737	9,596	6,755
Diluted		15,848	15,938	15,863	15,938
Net loss per common share (dollars):					
Basic	12	(0.19)	(1.42)	(0.73)	(3.10)
Diluted		(0.19)	(1.42)	(0.73)	(3.10)

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 September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net income/(loss)	(724)	(8,462)	(3,813)	(17,795)
Other comprehensive income/(loss)				
Item that may be subsequently reclassified to net income/(loss):				
Foreign currency translation gain	—	28	(4)	28
Total other comprehensive income/(loss)	—	28	(4)	28
Total comprehensive income/(loss) attributable to shareholders	(724)	(8,434)	(3,817)	(17,767)

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	—	—	—	—	—	28	—	28
Common shares purchased, cancelled and forfeited	—	—	(1,469)	(4,463)	—	979	—	(3,484)
Share-based compensation	—	—	—	—	2,389	—	—	2,389
Preferred share dividends	—	—	—	—	—	—	(3,139)	(3,139)
Net loss	—	—	—	—	—	—	(17,795)	(17,795)
As at September 30, 2021	4,600	112,263	156,639	465,952	42,365	18,837	(281,555)	357,862
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	—	—	(29)	(858)	—	448	—	(410)
Share-based compensation	—	—	—	—	1,422	—	—	1,422
Preferred share dividends	—	—	—	—	—	—	(3,219)	(3,219)
Net loss	—	—	—	—	—	—	(3,813)	(3,813)
As at September 30, 2022	4,600	112,263	15,611	463,809	45,525	19,286	(292,017)	348,866

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)	Note	Nine months ended September 30, 2022	2021
OPERATING ACTIVITIES			
Net income/(loss)		(3,813)	(17,795)
Add/(deduct) items not involving cash:			
Depreciation and amortization		20,213	18,295
Advisor loan amortization	7	12,633	13,680
Accretion of lease liability expense		2,740	1,129
Deferred income taxes		640	(1,843)
		32,413	13,466
Net change in non-cash operating items	11	(46,063)	14,510
Cash provided by (used in) operating activities		(13,650)	27,976
FINANCING ACTIVITIES			
Dividends paid on preferred shares	9	(3,219)	(3,139)
Purchase of shares for cancellation	9	(410)	(3,484)
Repayment of promissory note		—	(12,072)
Repayment of subordinated debt		—	(67,000)
Proceeds of revolving credit facility		—	80,500
Principal elements of lease payments		(6,587)	(6,239)
Cash used in financing activities		(10,216)	(11,434)
INVESTING ACTIVITIES			
Intangibles	8	(2,276)	(4,342)
Equipment and leasehold improvements		(16,783)	(4,934)
Cash used in investing activities		(19,059)	(9,276)
Effect of foreign exchange on cash balances		(4)	28
Net change in cash and cash equivalents		(42,929)	7,294
Cash and cash equivalents, beginning of period		518,099	556,245
Cash and cash equivalents, end of period		475,170	563,539
Supplemental cash flow information			
Interest paid		7,147	6,740
Interest received		23,938	12,749
Taxes paid		(1,287)	(1,559)

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 November 3, 2022.

b. Principles of Consolidation

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

Note 2 – Significant Accounting Policies

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

a. Revenue Recognition

Wealth management: 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.

Corporate finance: 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.

Interest: Interest revenue includes interest earned on margin loans and the Company's cash positions. 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, securities lending, 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.

The fair value of the cash amount payable is recognized as an expense with a corresponding increase in Accounts payable and accrued liabilities, over the period during which the RSU or PSU vests. The liability is remeasured at each reporting date and at settlement date based on the closing price of the Company's common shares on the TSX for the 30 consecutive trading days immediately prior. Changes in the liability are recognized in profit or loss.

There were no new accounting standards that significantly impacted the Company during the nine months ended September 30, 2022.

($ THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

Note 3 – Revenue

Revenue from Contracts with Customers

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

	2022	2021
Wealth management	67,064	67,297
Corporate finance	2,121	3,933
Other customer revenue	2,753	2,753
Revenue - contracts with customers	71,938	73,983
Other revenue	13,990	5,699
Total revenue	85,928	79,682
Timing of revenue recognition		
Point in time	8,207	9,177
Over time	63,731	64,806
Revenue - contracts with customers	71,938	73,983
Other revenue	13,990	5,699
Total revenue	85,928	79,682

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

	2022	2021
Wealth management	209,941	198,993
Corporate finance	6,783	16,234
Other customer revenue	16,743	8,049
Revenue - contracts with customers	233,467	223,276
Other revenue	31,974	19,132
Total revenue	265,441	242,408
Timing of revenue recognition		
Point in time	6,762	13,018
Over time	226,705	210,258
Revenue - contracts with customers	233,467	223,276
Other revenue	31,974	19,132
Total revenue	265,441	242,408

($ THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

Other Income

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

	2022	2021
Insurance commissions	2,013	1,187
Foreign exchange	1,543	1,391
Brokerage services	704	720
Securities lending[1]	208	808
Other	193	330
	4,661	4,436

[1]Prior period amounts have been reclassified to be consistent with current year presentation.

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

	2022	2021
Insurance commissions	14,450	3,020
Foreign exchange	5,141	5,173
Brokerage services	2,153	2,248
Securities lending[1]	1,291	1,720
Other	1,116	3,422
	24,151	15,583

[1]Prior period amounts have been reclassified to be consistent with current year presentation.

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 September 30, 2022 and December 31, 2021.

	September 30, 2022		December 31, 2021	
	Securities owned	Securities sold short	Securities owned	Securities sold short
Debt securities:				
Canadian and U.S. federal governments	40,881	15,227	36,600	9,214
Canadian provincial and municipal governments	8,148	838	8,501	2,292
Corporate and other	15,241	10,838	16,435	2,109
Equity securities	758	—	472	10
Derivative financial instruments	78	—	347	—
	65,106	26,903	62,355	13,625

($ THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

As at September 30, 2022, the Company had $29,668 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 September 30, 2022 and December 31, 2021.

	2022	2021
Accounts receivable	12,774	6,353
Finance lease receivable	192	707
Prepaid deposits	10,414	6,860
	23,380	13,920

Note 6 – Securities Borrowed and Lent

The following table presents a breakdown of the Company's securities borrowed and lent and the corresponding cash delivered and received as collateral, respectively as at September 30, 2022 and December 31, 2021.

	Borrowed		Lent	
	Securities borrowed	Cash delivered as collateral	Securities lent	Cash received as collateral
As at September 30, 2022	33,874	34,967	66,691	63,255
As at December 31, 2021	21,100	21,100	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 September 30, 2022 and December 31, 2021.

	2022	2021
Investment advisor loans	40,692	43,722
Transition agreements for retirees	1,194	1,602
Other loans	4,790	4,979
	46,676	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 nine months ended September 30, 2022, the Company recorded advisor loan amortization of $4,381 and $12,633 (2021 - $4,257 and $13,680) 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 September 30, 2022 and December 31, 2021.

	Goodwill	Intangibles	Total
Cost			
As at December 31, 2021	164,957	198,856	363,813
Current year additions[1]	—	2,276	2,276
As at September 30, 2022	164,957	201,132	366,089
Accumulated amortization			
As at December 31, 2021		15,661	15,661
Current year amortization		9,937	9,937
As at September 30, 2022		25,598	25,598
Net book value			
As at December 31, 2021	164,957	183,195	348,152
As at September 30, 2022	164,957	175,534	340,491

[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 September 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 nine months ended September 30, 2022, the Company repurchased 34,450 shares under the NCIB, of which 28,903 shares at an aggregate cost of $410 were cancelled. The remaining 5,547 shares were cancelled subsequent to quarter end at an aggregate cost of $80.

On March 25, 2022, the Company completed a 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.

Preferred share dividends

Payment date	Cash dividend per Series B Preferred Share	($ thousands) Total dividend
March 31, 2022	0.233313	1,073
June 30, 2022	0.233313	1,073
September 30, 2022	0.233313	1,073

On November 3, 2022, the Board of Directors approved a cash dividend of $0.233313 per Series B preferred share payable on January 3, 2023, to preferred shareholders of record on December 15, 2022.

Note 10 – Provisions, Contingencies and Commitments

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

As at December 31, 2021	27,323
Payments[1]	(2,014)
Recoveries	(680)
As at September 30, 2022	24,629

[1]Includes $900 in payments relating to former key management personnel.

During the nine months ended September 30, 2022, the Company entered into new lease agreements for the head office and two branches. On commencement of the leases, the Company recognized a total of $38,686 of right-of-use asset and lease liability.

($ THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

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 nine months ended September 30, 2022 and 2021.

	2022	2021
Securities owned	(2,751)	9,027
Receivable from clients and brokers	142,372	(69,969)
Client funds held in trust	27,522	(19,084)
Employee and other loans receivable	(9,006)	3,395
Other assets	(8,698)	(3,229)
Obligations related to securities sold short	13,278	(79)
Payable to clients, brokers and issuers	(210,372)	91,253
Accounts payable and accrued liabilities	4,286	(6,710)
Provisions	(2,694)	9,906
	(46,063)	14,510

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

Net income/(loss) per common share consists of the following for the three and nine months ended September 30, 2022 and 2021:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net income/(loss)	(724)	(8,462)	(3,813)	(17,795)
Less: dividends on preferred shares	(1,073)	(1,073)	(3,219)	(3,139)
Net loss attributable to common shareholders	(1,797)	(9,535)	(7,032)	(20,934)
Weighted-average number of common shares outstanding:				
(in thousands)				
Basic				
Common shares[1]	15,848	15,938	15,863	15,938
Common shares held by the SIP Trust[1,2]	(231)	(155)	(231)	(136)
Contingently returnable common shares held in escrow[1]	(6,036)	(9,046)	(6,036)	(9,047)
	9,581	6,737	9,596	6,755
Diluted				
Dilutive effect of shares held by the SIP Trust[1,2]	231	155	231	136
Dilutive effect of contingently returnable common shares held in escrow[1]	6,036	9,046	6,036	9,047
	15,848	15,938	15,863	15,938
Net income/(loss) per common share - Basic	(0.19)	(1.42)	(0.73)	(3.10)
Net income/(loss) per common share - Diluted[3]	(0.19)	(1.42)	(0.73)	(3.10)

[1]On March 25, 2022, the Company completed the Consolidation of its common shares on a ratio of one post-consolidation share for every ten pre-consolidation shares. The comparative number of 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 September 30, 2022	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Securities owned				
Debt securities				
Canadian and U.S. federal governments	37,655	3,226	—	40,881
Provincial and municipal governments	—	8,148	—	8,148
Corporate and other	—	15,241	—	15,241
Equity securities	753	5	—	758
Derivative financial assets	—	—	78	78
Financial assets carried at fair value	38,408	26,620	78	65,106
Financial liabilities				
Obligations related to securities sold short				
Debt securities				
Canadian and U.S. federal governments	2,593	12,634	—	15,227
Provincial and municipal governments	—	838	—	838
Corporate and other	—	10,838	—	10,838
Equity securities	—	—	—	—
Financial liabilities carried at fair value	2,593	24,310	—	26,903

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	(283)
Proceeds from disposition	14
As at September 30, 2022	78

There were no transfers to or from all levels for the nine months ended September 30, 2022.

Note 14 – Long-Term Debt

The following table presents a breakdown of the Company's debt obligations as at September 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 September 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 $439.8 million at September 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 September 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 and March 7, 2025 respectively. The RSUs and PSUs were issued at a grant price of $16.46 and had a value of $11,522. The fair value of the RSUs and PSUs at September 30, 2022 is $10,089. 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.

On August 5, 2022, the Company granted 7 RSUs and 1 PSUs to employees that entitle them to a cash payment on December 1, 2024 and March 7, 2025 respectively. The RSUs and PSUs were issued at a grant price of $13.77 and had a value of $110. The fair value of the RSUs and PSUs at September 30, 2022 is $115. 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 nine months ended September 30, 2022 and 2021.

	Three months ended September 30,					
	Wealth Management		Corporate		Total	
	2022	2021	2022	2021	2022	2021
Total revenue	85,928	79,695	—	(13)	85,928	79,682
Variable advisor compensation	34,555	34,714	—	—	34,555	34,714
Gross margin	51,373	44,981	—	(13)	51,373	44,968
Expenses						
Employee compensation and benefits	18,082	17,571	1,027	663	19,109	18,234
Selling, general and administrative	13,998	12,581	1,273	1,151	15,271	13,732
Advisor loan amortization	4,381	4,257	—	—	4,381	4,257
Transformation costs and other provisions	2,055	9,517	—	—	2,055	9,517
Interest	1,199	1,039	1,816	648	3,015	1,687
Depreciation and amortization[1]	3,673	2,719	3,263	3,263	6,936	5,982
	43,388	47,684	7,379	5,725	50,767	53,409
Reported income/(loss) before income taxes	7,985	(2,703)	(7,379)	(5,738)	606	(8,441)

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

($ THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Nine months ended September 30,					
	Wealth Management		Corporate		Total	
	2022	2021	2022	2021	2022	2021
Total revenue	265,436	242,348	5	60	265,441	242,408
Variable advisor compensation	114,472	104,326	—	—	114,472	104,326
Gross margin	150,964	138,022	5	60	150,969	138,082
Expenses						
Employee compensation and benefits	55,901	53,297	3,275	2,863	59,176	56,160
Selling, general and administrative	44,418	39,885	2,733	3,575	47,151	43,460
Advisor loan amortization	12,633	13,680	—	—	12,633	13,680
Transformation costs and other provisions	6,013	18,530	—	1,130	6,013	19,660
Interest	3,038	3,407	4,465	1,681	7,503	5,088
Depreciation and amortization[1]	10,424	8,506	9,789	9,789	20,213	18,295
	132,427	137,305	20,262	19,038	152,689	156,343
Reported income/(loss) before income taxes	18,537	717	(20,257)	(18,978)	(1,720)	(18,261)

[1]In the Corporate segment, amortization of $9,789 for the nine months ended September 30, 2022 (2021 - $9,789) is primarily related to customer relationships and intangible brand assets.