Diversified Royalty Corp. Announces Record Fourth Quarter Adjusted Revenue[1] and Record Year End 2023 Results

Vancouver, BC, March 21, 2024 – Diversified Royalty Corp. (TSX: DIV and DIV.DB.A) (the "Corporation" or "DIV") is pleased to announce its financial results for the three months ("Q4 2023") and year ended December 31, 2023.

Highlights

- The weighted average organic royalty growth[1] of DIV's diversified royalty portfolio was 6.8% in Q4 2023 and 8.4% for the year ended December 31, 2023, compared to 8.6% in Q4 2022 and 11.6% for the year ended December 31, 2022.
- Revenue was $16.4 million in Q4 2023 and $56.5 million for the year ended December 31, 2023, up 28.9% and 25.0%, respectively, compared to $12.7 million in Q4 2022 and $45.2 million for the year ended December 31, 2022.
- Adjusted revenue[1] of $17.7 million in Q4 2023 and $61.6 million for the year ended December 31, 2023, up 26.4% and 22.7%, respectively, compared to $14.0 million in Q4 2022 and $50.2 million for the year ended December 31, 2022.
- Distributable cash[1] of $10.4 million in Q4 2023 and $38.1 million for the year ended December 31, 2023, up 11.5% and 18.0%, respectively, compared to $9.3 million in Q4 2022 and $32.3 million for the year ended December 31, 2022.
- Payout ratio[1] of 84.2% in Q4 2023 on dividends of $0.0609 per share and 90.2% for the year ended December 31, 2023, on dividends of $0.241 per share, compared to 82.2% in Q4 2022 on dividends of $0.0582 per share and 86.8% for the year ended December 31, 2022, on dividends of $0.2233 per share.
- Effective May 1, 2023, 5 new locations were added to the Mr. Lube + Tires royalty pool.
- On October 4, 2023, DIV closed a trademark acquisition and royalty agreement with BarBurrito Restaurants Inc. ("BarBurrito") in Canada, adding an eighth royalty stream to DIV's portfolio (the "BarBurrito Acquisition").
- In addition, subsequent to the year ended December 31, 2023, on February 23, 2024, DIV closed its bought deal public offering of 20,320,500 common shares for gross proceeds of $54.0 million, including 2,650,500 common shares issued pursuant to the full exercise of the over-allotment option, at a price of $2.66 per common share. The net proceeds were primarily used for the full repayment of outstanding amounts under DIV's acquisition credit facility, which funds were drawn by DIV to partially finance the BarBurrito Acquisition.

Fourth Quarter and Year End Results

(000's)	Three months ended December 31, 2023	Three months ended December 31, 2022	Years ended December 31, 2023	Years ended December 31, 2022
Mr. Lube + Tires	$ 7,810	$ 6,748	$ 28,429	$ 23,935
Stratus[a]	2,099	1,040	8,171	1,040
Nurse Next Door[b]	1,316	1,289	5,207	5,106
Mr. Mikes[c]	1,130	1,223	4,570	5,136
Oxford	1,162	1,160	4,521	4,239
AIR MILES®	1,044	1,453	4,352	6,497
Sutton	1,095	1,076	4,339	4,256
BarBurrito	2,032	-	2,032	-
Adjusted revenue[d]	$ 17,688	$ 13,989	$ 61,621	$ 50,209

a) Stratus royalty income for the three months and year ended December 31, 2023, was US$1.5 million and US$6.1 million, respectively, translated at an average foreign exchange rate of $1.3610 and $1.3493 to US$1 respectively. Stratus royalty income for the period November 15, 2022 to December 31, 2022 was US$0.8 million, translated at a foreign exchange rate of $1.3521 to US$1.

b) Represents the DIV Royalty Entitlement plus management fees received from Nurse Next Door.
c) For the three months and year ended December 31, 2023, Mr. Mikes adjusted revenue includes payments of $0.05 million and $0.19 million, respectively (three months and year ended December 31, 2022 - $0.19 million and $1.34 million, respectively) representing partial payment of deferred contractual royalty fees and management fees, which have been recognized as revenue upon collection.
d) DIV Royalty Entitlement and adjusted revenue are non-IFRS financial measures and as such, do not have standardized meanings under IFRS. For additional information, refer to “Non-IFRS Measures” in this news release.

In Q4 2023, DIV generated $16.4 million of revenue compared to $12.7 million in Q4 2022. After taking into account the DIV Royalty Entitlement[1] (defined below) related to DIV’s royalty arrangements with Nurse Next Door Professional Homecare Services Inc. (“Nurse Next Door”), DIV’s adjusted revenue was $17.7 million in Q4 2023, compared to $14.0 million in Q4 2022. Adjusted revenue increased primarily due to positive trends at Mr. Lube + Tires, Mr. Mikes and Oxford, as well as the annual contractual increases at Stratus, Nurse Next Door and Sutton as discussed in further detail below. In addition, incremental revenue was generated from the addition of four net new locations to the Mr. Lube Canada Limited Partnership (“Mr. Lube + Tires”) royalty pool on May 1, 2022, the addition of five new locations to the Mr. Lube + Tires royalty pool on May 1, 2023, the incremental royalty income generated from Stratus (defined below) beginning on November 15, 2022, plus the incremental royalty income generated from BarBurrito (defined below) beginning on October 4, 2023.

1. Adjusted revenue, distributable cash and DIV Royalty Entitlement are non-IFRS financial measures, payout ratio is a non-IFRS ratio, and weighted average organic royalty growth is a supplementary financial measure – see “Non-IFRS Measures” below.

Royalty Partner Business Updates

Mr. Lube + Tires: Mr. Lube + Tires generated SSSG[2] of 14.0% for the Mr. Lube + Tires stores in the royalty pool for Q4 2023 and 17.1% for the year ended December 31, 2023, compared to SSSG of 17.0% and 17.9%, for the same respective prior periods in 2022, representing record results for Mr. Lube + Tires. SSSG in the current periods are primarily due to the sustained growth across all of Mr. Lube + Tires’ offerings including oil change services, tire sales and services, and maintenance services offerings.

2. Same-store-sales growth or SSSG is a supplementary financial measure – see “Non-IFRS Measures” below.

Stratus: Royalty income from SBS Franchising LLC (“Stratus”) was $2.1 million (US$1.5 million translated at an average foreign exchange rate of $1.3610 to US$1.00) for Q4 2023 and $8.2 million (US$6.1 million translated at an average foreign exchange rate of $1.3493 to US$1.00) for the year ended December 31, 2023. The Corporation granted Stratus the license to use the Stratus Rights in exchange for an annual royalty payment of US$6.0 million increasing each November at a rate of 5% in 2023, 2024, 2025 and 2026 and 4% thereafter.

Nurse Next Door: The royalty entitlement to DIV (the “DIV Royalty Entitlement[3]”) from Nurse Next Door was $1.3 million in Q4 2023 and $5.1 million for the year ended December 31, 2023. The DIV Royalty Entitlement from Nurse Next Door grows at a fixed rate of 2.0% per annum during the term of the license, with the most recent increase effective October 1, 2023.

3. DIV Royalty Entitlement is a non-IFRS measure – see “Non-IFRS Measures” below.

Mr. Mikes: SSSG[4] for the Mr. Mikes Restaurants Corporation (“Mr. Mikes”) restaurants in the Mr. Mikes royalty pool was 7.3% in Q4 2023 and 10.1% for the year ended December 31, 2023, compared to SSSG of 36.1% in Q4 2022 and 31.2% for the year ended December 31, 2022. The performance of the Mr. Mikes restaurants in the Mr. Mikes royalty pool were significantly more negatively impacted by vaccine and mask mandates and other government restrictions related to the COVID-19 pandemic in 2021 than compared to 2022, resulting in significantly higher SSSG in the comparable prior periods.

Royalty income and management fees of $1.1 million were generated from Mr. Mikes in Q4 2023, which excludes approximately $0.05 million from the partial payment of deferred contractual royalty fees and accrued management fees compared to $1.0 million in Q4 2022, excluding approximately $0.2 million of deferred fees collected. Royalty income and management fees of $4.4 million were generated for the year ended December 31, 2023, excluding approximately $0.2 million from the partial payment of deferred contractual royalty fees and accrued management fees compared to $3.8 million for the year ended December 31, 2022, excluding approximately $1.3 million of deferred fees collected. All deferred amounts have been collected as of December 31, 2023.

In Q4 2022, DIV and certain of its subsidiaries amended their royalty agreements with Mr. Mikes, pursuant to which Mr. Mikes now pays a royalty based on the actual system sales of the Mr. Mikes restaurants in the Mr. Mikes royalty pool rather than a fixed royalty. Those amendments had retroactive effect to June 13, 2022.

4. Same-store-sales growth or SSSG is a supplementary financial measure – see "Non-IFRS Measures" below.

Oxford: The Oxford Learning Centres, Inc. ("Oxford") locations in the Oxford royalty pool generated SSSG[5] (on a constant currency basis) of -0.2% in Q4 2023 and 5.9% for the year ended December 31, 2023, compared to SSSG 16.1% in Q4 2022 and 15.3% for the year ended December 31, 2022. In 2022, Oxford saw a transition back to in-person tutoring for many locations, a trend that continued through the remainder of 2022 with system sales returning to pre-pandemic levels in the fourth quarter of 2022 and continued to grow in the first two quarters of 2023 and were flat in Q3 and Q4 of 2023.

5. Same-store-sales growth or SSSG is a supplementary financial measure – see "Non-IFRS Measures" below.

AIR MILES®: In Q4 2023, royalty income of $1.0 million was generated from the AIR MILES® Licenses compared to $1.5 million generated in Q4 2022, a decrease of 28.1% from the comparable quarter. For the year ended December 31, 2023, royalty income of $4.4 million was generated compared to $6.5 million generated in the comparable year, a decrease of 33.0%. The results in 2023 continue to be impacted by the winddown of the Sobey's exit from the AIR MILES® Reward Program in the second quarter of 2023.

Sutton: For the year ended December 31, 2023, royalty income of $4.2 million was generated from Sutton. The fixed royalty payable by Sutton increases at a rate of 2% per year, with the most recent increase effective July 1, 2023.

BarBurrito: Royalty income from BarBurrito Restaurants Inc. ("BarBurrito") was $2.0 million for Q4 2023 and for the year ended December 31, 2023. The Corporation granted BarBurrito the license to use the BarBurrito Rights in exchange for a fixed monthly payment equal to $8.3 million per annum which grows at a fixed rate of 4% per annum for the first seven years and, commencing on January 1, 2031, will fluctuate based on the gross sales of the BarBurrito locations in the royalty pool.

Fourth Quarter Commentary and Outlook

Sean Morrison, President and Chief Executive Officer of DIV stated, "We are pleased to announce that Q4 2023 was another record quarter for DIV, our best ever quarter in terms of adjusted revenues. The year ended December 31, 2023, was also a record year for DIV. The fourth quarter of 2023 once again saw strong performances across most of our royalty partners. Mr. Lube + Tires, our largest royalty partner, continues to produce strong double-digit growth, generating SSSG[6] of 14.0%, Mr. Mikes generated positive SSSG[6] results of 7.3%, while Oxford was flat. Royalty partners Nurse Next Door, Sutton and Stratus made their fixed royalty payments. DIV continued to see a decrease in royalty income from AIR MILES®; however, the quarter-over-quarter trend indicates the business is stabilizing. DIV's Q4 2023 weighted average organic royalty growth[6] was 6.8%, once again demonstrating the overall strength of DIV's diversified portfolio.

DIV produced record results in fiscal 2023 and Mr. Lube + Tires, Oxford and Mr. Mikes are positioned for continued growth in fiscal 2024 with DIV's largest royalty partner, Mr. Lube + Tires, once again leading the way. The addition of BarBurrito as our eighth royalty partner was another highlight as DIV continues to build further diversification into its portfolio. In 2024, DIV continues to seek out potential transactions in the Canadian and US markets with a focus on educating potential US royalty partners about DIV's unique trademark and royalty structure."

6. Same-store-sales growth or SSSG and weighted average organic royalty growth are supplementary financial measures – see "Non-IFRS Measures" below.

Distributable Cash and Dividends Declared

In Q4 2023 and for the year ended December 31, 2023, distributable cash[7] increased to $10.4 million ($0.0723 per share) and $38.1 million ($0.2671 per share), respectively, compared to $9.3 million ($0.0707 per share) and $32.3 million ($0.2571 per share) respectively for the same respective periods in 2022. The increase in distributable cash[7] for the quarter was primarily due to higher adjusted revenue[7] (including payments from Mr. Mikes representing partial payment of deferred contractual royalty fees and deferred contractual management fees described above) and lower professional fees, offset by higher interest and general and administrative expenses. The increase in distributable cash[7] for the year was primarily due to higher adjusted revenue, partially offset by higher interest expense, general and administrative expenses and professional fees. The increase in distributable cash per share[7] for the quarter and year ended December 31, 2023, were primarily due to the increases in distributable cash[7], partially offset by a higher weighted average number of common shares outstanding.

In Q4 2023 and for the year ended December 31, 2023, the payout ratio[7] was 84.2% and 90.2%, respectively, compared to the payout ratios of 82.2% and 86.8%, for the same respective periods in 2022. The increase was primarily due to higher dividends declared per share, partially offset by higher distributable cash per share[8].

7. Adjusted revenue and distributable cash are non-IFRS financial measures and distributable cash per share and payout ratio are non-IFRS ratios – see "Non-IFRS Measures" below.

Net Income (Loss)

Net income for Q4 2023 was $9.1 million compared to a net loss of $4.5 million for the three months ended December 31, 2022. Net income for the year ended December 31, 2023, was $31.7 million compared to $15.6 million for the year ended December 31, 2022. The net income in Q4 2023 and the increase in net income for the year ended December 31, 2023, were primarily due to the higher adjusted revenues[8] and the non-cash impairment reversals of the Mr. Mikes intellectual property rights owned by DIV, partially offset by the non-cash impairment losses related to the AIR MILES® and Sutton intellectual property rights owned by DIV, fair value adjustments on financial instruments, higher income tax expenses and a higher interest expenses.

8. Adjusted revenue is a non-IFRS financial measure – see "Non-IFRS Measures" below.

About Diversified Royalty Corp.

DIV is a multi-royalty corporation, engaged in the business of acquiring top-line royalties from well-managed multi-location businesses and franchisors in North America. DIV's objective is to acquire predictable, growing royalty streams from a diverse group of multi-location businesses and franchisors.

DIV currently owns the Mr. Lube + Tires, AIR MILES®, Sutton, Mr. Mikes, Nurse Next Door, Oxford Learning Centres, Stratus Building Solutions and BarBurrito trademarks. Mr. Lube + Tires is the leading quick lube service business in Canada, with locations across Canada. AIR MILES® is Canada's largest coalition loyalty program. Sutton is among the leading residential real estate brokerage franchisor businesses in Canada. Mr. Mikes operates casual steakhouse restaurants primarily in western Canadian communities. Nurse Next Door is a home care providers with locations across Canada and the United States as well as in Australia. Oxford Learning Centres is one of Canada's leading franchisee supplemental education services. Stratus Building Solutions is a leading commercial cleaning service franchise company providing comprehensive environmentally friendly janitorial, building cleaning, and office cleaning services primarily in the United States. BarBurrito is the largest quick service Mexican restaurant food chain in Canada.

DIV's objective is to increase cash flow per share by making accretive royalty purchases and through the growth of purchased royalties. DIV intends to continue to pay a predictable and stable monthly dividend to shareholders and increase the dividend over time, in each case as cash flow per share allows.

Forward-Looking Statements

Certain statements contained in this news release may constitute "forward-looking information" within the meaning of applicable securities laws that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. The use of any of the words "anticipate", "continue", "estimate", "expect", "intend", "may", "will", "project", "should", "believe", "confident", "plan" and "intend" and similar expressions are intended to identify forward-looking information, although not all forward-looking information contains these identifying words. Specifically, forward-looking information in this news release includes, but is not limited to, statements made in relation to: DIV's belief that Mr. Lube + Tires, Oxford and Mr. Mikes are positioned for continued growth in fiscal 2024; DIV continuing in 2024 to seek out potential transactions in Canadian and US markets with a focus on educating potential US royalty partners about DIV's unique trademark and royalty structure; DIV's intention to pay monthly dividends to shareholders; and DIV's corporate objectives. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events, performance, or achievements of DIV to differ materially from those anticipated or implied by such forward-looking information. DIV believes that the expectations reflected in the forward-looking information included in this news release are reasonable but no assurance can be given that these expectations will prove to be correct. In particular, risks and uncertainties include: DIV's royalty partners may not make their respective royalty payments to DIV, in whole or in part; the decline in royalties received under the AIR MILES® licenses could cause AM LP to be required to make partial or full repayment of the outstanding principal amount under its credit agreement, or cause AM LP to be in default under its credit agreement; current positive trends being experienced by certain of DIV's royalty partners (and their respective franchisees) may not continue and may regress; DIV and its Royalty Partners performance in 2024 may not meet management's expectations; DIV may not be successful in completing any further royalty transactions in Canada or the U.S.; DIV may not be able to make monthly dividend payments to the holders of its common shares; dividends are not guaranteed and may be reduced, suspended or terminated at any time; or DIV may not achieve any of its corporate objectives. Given these uncertainties, readers are cautioned that forward-looking information included in this news release is not a guarantee of future performance, and such forward-looking information should not be unduly relied upon. More information about the risks and uncertainties affecting DIV's business and the businesses of its royalty partners can be found in the "Risk Factors" section of its Annual Information Form dated March 21, 2024 and in DIV's management's discussion and analysis for the three months and year ended December 31, 2023, copies of which are available under DIV's profile on SEDAR+ at www.sedarplus.com.

In formulating the forward-looking information contained herein, management has assumed that DIV will generate sufficient cash flows from its royalties to service its debt and pay dividends to shareholders; lenders will provide any necessary waivers required in order to allow DIV to continue to pay dividends; lenders will provide any other necessary covenant waivers to DIV and its royalty partners; the performance of DIV's royalty partners will be consistent with DIV's and its royalty partners' respective expectations; recent positive trends for certain of DIV's royalty partners (including their respective franchisees) will continue and not regress; AIR MILES® will be successful in attracting more new loyalty partners going forward; the businesses of DIV's respective Royalty Partners will not suffer any material adverse effect; and the business and economic conditions affecting DIV and its royalty partners will continue substantially in the ordinary course, including without limitation with respect to general industry conditions, general levels of economic activity and regulations. These assumptions, although considered reasonable by management at the time of preparation, may prove to be incorrect.

All of the forward-looking information in this news release is qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that it will have the expected consequences to, or effects on, DIV. The forward-looking information in this news release is made as of the date of this news release *and DIV assumes no obligation to publicly update or revise such information to reflect new events or circumstances, except as may be required by applicable law.*

Non-IFRS Measures

Management believes that disclosing certain non-IFRS financial measures, non-IFRS ratios and supplementary financial measures provides readers with important information regarding the Corporation's financial performance and its ability to pay dividends and the performance of its royalty partners. By considering these measures in combination with the most closely comparable IFRS measure, management believes that investors are provided with additional and more useful information about the Corporation and its royalty partners than investors would have if they simply considered IFRS measures alone. The non-IFRS financial measures, non-IFRS ratios and supplementary financial measures do not have standardized meanings prescribed by IFRS and therefore are unlikely to be comparable to similar measures presented by other issuers. Investors are cautioned that non-IFRS measures should not be construed as a substitute or an alternative to net income or cash flows from operating activities as determined in accordance with IFRS.

"Adjusted revenue", "adjusted royalty income", "DIV Royalty Entitlement" and "distributable cash" are used as non-IFRS financial measures in this news release.

Adjusted revenue is calculated as royalty income plus DIV Royalty Entitlement and management fees. The following table reconciles adjusted revenue and adjusted royalty income to royalty income, the most directly comparable IFRS measure disclosed in the financial statements:

	Three months ended December 31,		Years ended December 31,	
(000's)	**2023**	**2022**	**2023**	**2022**
Mr. Lube + Tires	$ 7,750	$ 6,690	$ 28,196	$ 23,708
Stratus	2,099	1,040	8,171	1,040
Oxford	1,152	1,150	4,481	4,199
AIR MILES®	1,044	1,453	4,352	6,497
Mr. Mikes	1,115	1,206	4,520	5,060
Sutton	1,068	1,047	4,229	4,146
BarBurrito	2,013	-	2,013	-
Royalty income	**$ 16,241**	**$ 12,586**	**$ 55,962**	**$ 44,650**
DIV Royalty Entitlement	1,295	1,269	5,126	5,026
Adjusted royalty income	**$ 17,536**	**$ 13,855**	**$ 61,088**	**$ 49,676**
Management fees	152	134	533	533
Adjusted revenue	**$ 17,688**	**$ 13,989**	**$ 61,621**	**$ 50,209**

For further details with respect to adjusted revenue and adjusted royalty income, refer to the subsection "Non-IFRS Financial Measures" under "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" in the Corporation's management's discussion and analysis for the three months and year ended December 31, 2023, a copy of which is available on SEDAR+ at www.sedarplus.com.

The most closely comparable IFRS measure to DIV Royalty Entitlement is "distributions received from NND LP". DIV Royalty Entitlement is calculated as distributions received from NND LP, before any deduction for expenses incurred by NND Holdings Limited Partnership ("NND LP"), which expenses include legal, audit, tax and advisory services. Note that distributions received from NND LP is derived from the royalty paid by Nurse Next Door to NND LP. The following table reconciles DIV Royalty Entitlement to distributions received from NND LP in the financial statements:

(000's)	Three months ended December 31, 2023	2022	Years ended December 31, 2023	2022
Distributions received from NND LP	$ 1,284	$ 1,269	$ 5,095	$ 5,005
Add: NND Royalties LP expenses	2	-	22	21
DIV Royalty Entitlement	1,286	1,269	5,117	5,026
Less: NND Royalties LP expenses	(2)	-	(22)	(21)
DIV Royalty Entitlement, net of NND Royalties LP expenses	**$ 1,284**	**$ 1,269**	**$ 5,095**	**$ 5,005**

For further details with respect to DIV Royalty Entitlement, refer to the subsection "Non-IFRS Financial Measures" under "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" in the Corporation's management's discussion and analysis for the three months and year ended December 31, 2023, a copy of which is available on SEDAR+ at www.sedarplus.com.

The following table reconciles distributable cash to cash flows generated from operating activities, the most directly comparable IFRS measure disclosed in the financial statements:

(000's)	Three months ended December 31, 2023	2022	Years ended December 31, 2023	2022
Cash flows generated from operating activities	$ 7,400	$ 8,152	$ 30,816	$ 28,377
Current tax expense	(845)	(1,139)	(5,061)	(5,515)
Accrued interest on convertible debentures	788	853	-	-
Interest on $52,500 of 2022 Debenture overlap	-	-	-	168
Distributions on exchangeable MRM units	-	49	-	327
Distributions on MRM units earned in current periods	(38)	(49)	(164)	(161)
Mandatory principal payments on credit facilities	(577)	-	(1,008)	-
Payment of lease obligations	(28)	(26)	(107)	(105)
NND LP expenses	(2)	-	(22)	(21)
Accrued DIV Royalty Entitlement, net of distributions	-	-	-	21
Foreign exchange and other	394	-	229	-
Changes in w orking capital	(527)	207	3,579	2,917
Transactions costs	32	36	32	36
Taxes paid	1,648	1,225	7,691	6,252
Note receivable	2,130	-	2,130	-
Distributable cash	**$ 10,376**	**$ 9,307**	**$ 38,115**	**$ 32,296**

For further details with respect to distributable cash, refer to the subsection "Non-IFRS Financial Measures" under "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" in the Corporation's management's discussion and analysis for the three months and year ended December 31, 2023, a copy of which is available on SEDAR+ at www.sedarplus.com.

"Distributable cash per share" and "payout ratio" are non-IFRS ratios that do not have a standardized meaning prescribed by IFRS, and therefore may not be comparable to similar ratios presented by other issuers. Distributable cash per share is defined as distributable cash, a non-IFRS measure, divided by the weighted average number of common shares outstanding during the period. The payout ratio is calculated by dividing the dividends per share during the period by the distributable cash per share, a non-IFRS measure, generated in that period. For further details, refer to the subsection entitled "Non-IFRS Ratios" under "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" in the Corporation's management's discussion and analysis for the three months and year ended December 31, 2023, a copy of which is available on SEDAR+ at www.sedarplus.com.

"Weighted average organic royalty growth" is the average same store sales growth percentage related to Mr. Lube + Tires, Oxford and Mr. Mikes (excluding the collection of Mr. Mikes deferred royalty management fees) plus the average increase in adjusted royalty income from AIR MILES®, Sutton and Nurse Next Door over the prior comparable period taking into account the percentage weighting of each royalty partner's adjusted royalty income in proportion of the total adjusted royalty income for the period, excluding Stratus and BarBurrito as there was only partial period adjusted royalty income generated from Stratus in the prior period and no adjusted royalty income generated from BarBurrito in the prior period. Weighted average organic royalty growth is a supplementary financial

measure and does not have a standardized meaning prescribed by IFRS. However, the Corporation believes that weighted average organic royalty growth is a useful measure as it provides investors with an indication of the change in year-over-year growth of each royalty partner, taking into account the percentage weighting of royalty partner's growth in proportion of total growth, as applicable. The Corporation's method of calculating weighted average organic royalty growth may differ from those of other issuers or companies and, accordingly, weighted average organic royalty growth may not be comparable to similar measures used by other issuers or companies.

"Same store sales growth" or "SSSG" and "system sales" are supplementary financial measures and do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. SSSG figures are reported to DIV by its Royalty Partners – see "Third Party Information". For further details, refer to the subsection entitled "Supplementary Financial Measures" under "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" in the Corporation's management's discussion and analysis for the three months and year ended December 31, 2023 a copy of which is available on SEDAR+ at www.sedarplus.com.

Third Party Information

This news release includes information obtained from third party company filings and reports and other publicly available sources as well as financial statements and other reports provided to DIV by its royalty partners. Although DIV believes these sources to be generally reliable, such information cannot be verified with complete certainty. Accordingly, the accuracy and completeness of this information is not guaranteed. DIV has not independently verified any of the information from third party sources referred to in this news release nor ascertained the underlying assumptions relied upon by such sources.

THE TORONTO STOCK EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR THE ACCURACY OF THIS RELEASE.

Additional Information

The information in this news release should be read in conjunction with DIV's consolidated financial statements and management's discussion and analysis ("MD&A") for the three months and year ended December 31, 2023, which are available on SEDAR+ at www.sedarplus.com.

Additional information relating to the Corporation and other public filings, is available on SEDAR+ at www.sedarplus.com.

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