



**Diversified Royalty Corp. Announces Second Quarter 2024 Results
and Strongest Adjusted Revenue¹ Quarter in its History**

Vancouver, BC, August 9, 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 ended June 30, 2024 (“Q2 2024”) and six months ended June 30, 2024.

Highlights

- The weighted average organic royalty growth¹ of DIV’s diversified royalty portfolio was 4.4% in Q2 2024 and 5.0% for the six months ended June 30, 2024 compared to 10.3% for the three months ended June 30, 2023 (“Q2 2023”) and 10.5% for the six months ended June 30, 2023. The weighted average organic royalty growth¹ on a constant currency basis was 4.1% in Q2 2024 and 4.9% for the six months ended June 30, 2024.
- Revenue of \$16.8 million in Q2 2024 and \$31.9 million for the six months ended June 30, 2024, up 18.6% and 20.3%, respectively, compared to the same periods in 2023.
- Adjusted revenue¹ of \$18.1 million in Q2 2024 and \$34.5 million for the six months ended June 30, 2024, up 17.2% and 18.7%, respectively, compared to the same periods in 2023.
- Distributable cash¹ of \$11.6 million in Q2 2024 and \$21.2 million for the six months ended June 30, 2024, up 19.0% and 13.9%, respectively, compared to the same periods in 2023.
- Payout ratio¹ of 88.6% in Q2 2024 based on dividends of \$0.0625 per share for the quarter, compared to 87.5% in Q2 2023 based on dividends of \$0.06 per share for the comparable quarter and 92.5% for the six months ended June 30, 2024 based on dividends of \$0.1237 per share for the period, compared to 91.6% based on dividends of \$0.12 per share for the comparable period.
- On June 20, 2024, Sherry McNeil was elected to the Board of Directors of the Corporation, increasing the total number of directors from five to six. Ms. McNeil is the President and CEO of the Canadian Franchise Association (“CFA”) and has been a long-time member of the CFA’s Board of Directors. A veteran of the franchise industry, she has amassed more than 25 years of experience working with franchisors and franchisees in a wide range of systems in a variety of categories as both a consultant and in leadership positions.

Second Quarter Results

(000’s)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Mr. Lube + Tires	\$ 8,180	\$ 7,553	\$ 14,824	\$ 13,307
Stratus ^a	2,162	2,020	4,291	4,054
BarBurrito	2,101	-	4,201	-
Nurse Next Door ^b	1,323	1,297	2,646	2,594
Oxford	1,213	1,237	2,395	2,444
Sutton	1,094	1,073	2,190	2,148
Mr. Mikes	1,083	1,134	2,099	2,260
AIR MILES®	928	1,112	1,820	2,237
Adjusted revenue ^c	\$ 18,084	\$ 15,426	\$ 34,466	\$ 29,044

- a) Stratus royalty income for the three and six months ended June 30, 2024 was US\$1.6 million and US\$3.2 million, respectively, translated at an average foreign exchange rate of \$1.3682 and \$1.3583 to US\$1, respectively (three and six months ended June 30, 2023 – royalty income of US\$1.5 million and US\$3.0 million, respectively, translated at an average foreign exchange rate of \$1.3430 and \$1.3475 to US\$1, respectively).
- b) Represents the DIV Royalty Entitlement plus management fees received from Nurse Next Door.
- c) 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 Q2 2024, DIV generated \$16.8 million of revenue compared to \$14.1 million in Q2 2023. After taking into account the DIV Royalty Entitlement¹ (defined below) related to DIV's royalty arrangements with Nurse Next Door, DIV's adjusted revenue was \$18.1 million in Q2 2024, compared to \$15.4 million in Q2 2023. Adjusted revenue increased primarily due to incremental revenue received through the acquisition of the BarBurrito rights on October 4, 2023, positive SSSG¹ (defined below) at Mr. Lube + Tires, the addition of five new locations on May 1, 2023 to the Mr. Lube + Tires royalty pool, the annual contractual increases at Stratus, Nurse Next Door and Sutton, partially offset by negative SSSG from Oxford and Mr. Mikes and lower royalty income from AIR MILES®, all as discussed in further detail below.

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 and SSSG are supplementary financial measures – see “Non-IFRS Measures” below.

Royalty Partner Business Updates

Mr. Lube + Tires: Mr. Lube Canada Limited Partnership (“Mr. Lube + Tires”) generated SSSG² of 8.4% for the Mr. Lube + Tires stores in the royalty pool for Q2 2024, compared to SSSG of 21.1%, in Q2 2023.

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 \$2.2 million (US\$1.6 million translated at an average foreign exchange rate of \$1.3682 to US\$1.00) for Q2 2024. The fixed royalty payable by Stratus increases each November at a rate of 5% until and including November 2025 and 4% each November thereafter during the term of the license, with the most recent increase effective November 15, 2023.

Nurse Next Door: The royalty entitlement to DIV (the “DIV Royalty Entitlement³”) from Nurse Next Door Professional Homecare Services Inc. (“Nurse Next Door”) was \$1.3 million in Q2 2024. 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: SSSG⁴ for the Mr. Mikes Restaurants Corporation (“Mr. Mikes”) restaurants in the Mr. Mikes royalty pool was -0.8% in Q2 2024, compared to SSSG of 5.5% in Q2 2023. The lower SSSG percentage in the current period is due to lower restaurant guest traffic. In addition, in the prior comparable period SSSG was measured against Q2 2022 which quarter included the partial impact from Covid-19 restaurant closures and vaccine mandates.

Royalty income and management fees of \$1.1 million were generated from Mr. Mikes in Q2 2024, compared to \$1.1 million in Q2 2023.

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 SSSG⁵ (on a constant currency basis) of -2.3% in Q2 2024, compared to SSSG of 8.6% in Q2 2023. Oxford's SSSG for the last four quarters, since the third quarter of 2023, have remained flat to slightly down primarily due to the completion of the Ontario Government funding of student learning supports, which included private tutoring, in the second half of 2023, which has negatively impacted Oxford's system sales.

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

AIR MILES®: In Q2 2024, royalty income of \$0.9 million was generated from the AIR MILES® Licenses compared to \$1.1 million generated in Q2 2023, a decrease of 16.5% from the comparable quarter.



Sutton: In Q2 2024, royalty income of \$1.1 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, 2024.

BarBurrito: Royalty income from BarBurrito Restaurants Inc. ("BarBurrito") was \$2.1 million for Q2 2024. 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.

Second Quarter Commentary

Sean Morrison, President and Chief Executive Officer of DIV stated, "DIV is pleased with how its royalty partners performed in the second quarter of 2024. Q2 was DIV's best quarter in terms of adjusted revenue⁶ in its history as a royalty company. Mr. Lube, our largest royalty partner, continued to see growth, generating SSSG⁷ of 8.4% for the three-month period ended June 30, 2024. Q2 results from Mr. Mikes and Oxford continued to show a slight decline following a soft Q1. However, both of these royalty partners are optimistic about the go forward opportunities for their respective businesses, including their incremental location growth. Royalty partners Nurse Next Door, Sutton, Stratus and BarBurrito made their fixed royalty payments. DIV continues to see a decrease in royalty income from AIR MILES®, however, AIR MILES® announced recent enhancements to the AIR MILES® Reward Program, positively improving rewards for BMO AIR MILES® credit card holders on eligible wholesale and alcohol purchases."

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

Distributable Cash and Dividends Declared

In Q2 2024, distributable cash⁷ increased to \$11.6 million (\$0.0705 per share), compared to \$9.8 million (\$0.0686 per share) in Q2 2023. The increase in distributable cash⁷ for the quarter was primarily due to higher adjusted revenue⁷, partially offset by higher general and administrative expenses, higher interest expense, professional fees and salaries and benefits. The increase in distributable cash per share⁷ for the quarter was primarily due to an increase in distributable cash, partially offset by a higher weighted average number of common shares outstanding.

In Q2 2024, the payout ratio⁷ was 88.6% on dividends of \$0.0625 per share, compared to the payout ratio of 87.5% on dividends of \$0.0600 per share for the same respective period in 2023. The increase was primarily due to higher dividends declared per share, partially offset by higher distributable cash per share⁷.

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

Net income for Q2 2024 was \$8.2 million compared to net income of \$9.1 million for the three months ended June 30, 2023. The decrease in net income in Q2 2024, was primarily due to higher interest expense, professional fees, share-based compensation expenses and other finance costs, partially offset by higher adjusted revenues⁸.

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



provider 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: Mr. Mikes and Oxford management each being optimistic about the go forward growth opportunities for their respective businesses; recent enhancements to the AIR MILES® Reward Program positively improving rewards for BMO AIR MILES® credit card holders; 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 Royalties Limited Partnership ("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, and current negative trends experienced by certain of DIV's royalty partners (including their respective franchisees) may continue and may regress; DIV and its royalty partners performance in 2024 may not meet management's expectations; 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 and six months ended June 30, 2024, 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; current negative trends experienced by certain of DIV's royalty partners (including their respective franchisees) will not materially regress; 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:

(000's)	Three months ended June 30,			Six months ended June 30,		
		2024	2023	2024	2023	
Mr. Lube + Tires	\$	8,122	\$ 7,495	\$ 14,707	\$	13,192
Stratus		2,161	2,020	4,291		4,054
BarBurrito		2,080	-	4,160		-
Oxford		1,202	1,227	2,374		2,424
Sutton		1,067	1,046	2,135		2,093
Mr. Mikes		1,072	1,123	2,078		2,237
AIR MILES®		928	1,112	1,820		2,237
Royalty income	\$	16,632	\$ 14,023	\$ 31,565	\$	26,237
DIV Royalty Entitlement		1,303	1,277	2,605		2,554
Adjusted royalty income	\$	17,935	\$ 15,300	\$ 34,170	\$	28,791
Management fees		149	126	296		253
Adjusted revenue	\$	18,084	\$ 15,426	\$ 34,466	\$	29,044

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 and six months ended June 30, 2024, 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 June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Distributions received from NND LP	\$ 1,291	\$ 1,261	\$ 2,591	\$ 2,534
Add: NND Royalties LP expenses	12	16	14	20
DIV Royalty Entitlement	1,303	1,277	2,605	2,554
Less: NND Royalties LP expenses	(12)	(16)	(14)	(20)
DIV Royalty Entitlement, net of NND Royalties LP expenses	\$ 1,291	\$ 1,261	\$ 2,591	\$ 2,534

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 and six months ended June 30, 2024, 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 June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Cash flows generated from operating activities	\$ 11,205	\$ 6,062	\$ 22,055	\$ 12,992
Current tax expense	(1,850)	(1,597)	(3,141)	(2,714)
Accrued interest on convertible debentures	788	788	-	-
Accrued interest on bank loans	(443)	-	(443)	-
Distributions on MRM units earned in current periods	(33)	(38)	(74)	(73)
Mandatory principal payments on credit facilities	(15)	-	(643)	-
Payment of lease obligations	(27)	(27)	(54)	(53)
NND LP expenses	(18)	(16)	(21)	(20)
Accrued DIV Royalty Entitlement, net of distributions	18	(60)	21	(56)
Foreign exchange and other	86	(526)	128	(480)
Changes in working capital	415	3,547	678	4,607
Taxes paid	1,501	1,641	2,999	4,406
Note receivable	-	-	(305)	-
Distributable cash	\$ 11,627	\$ 9,774	\$ 21,200	\$ 18,608

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 and six months ended June 30, 2024, 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 and six months ended June 30, 2024, 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, Nurse Next Door and Stratus 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 BarBurrito as there was 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 and system sales 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 and six months ended June 30, 2024, 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 and six months ended June 30, 2024, 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.

Contact:

Sean Morrison, President and Chief Executive Officer
Diversified Royalty Corp.
(236) 521-8470

Greg Gutmanis, Chief Financial Officer and VP Acquisitions
Diversified Royalty Corp.
(236) 521-8471