

Consolidated Financial Statements of

DIVERSIFIED ROYALTY CORP.

Years ended December 31, 2025 and 2024



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Diversified Royalty Corp.

Opinion

We have audited the consolidated financial statements of Diversified Royalty Corp. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2025 and December 31, 2024
- the consolidated statements of net income for the years then ended
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statement of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of the fair value measurement of the investment in NND LP

Description of the matter

We draw attention to Notes 3(k), 4(b), and 8 to the financial statements. The investment in Nurse Next Door LP ("NND LP") is a financial instrument measured at fair value and has a carrying value of \$39,760 thousand. In determining the fair value, the Entity's significant assumption is the discount rate used to discount the contractual cash flows receivable from NND LP.

Why the matter is a key audit matter

We identified the assessment of the fair value measurement of the investment in NND LP as a key audit matter. This matter represented an area of significant risk of material misstatement as it required the Entity to determine the discount rate with reference to its expectations about NND LP's future operating results and financial condition. Minor changes in the discount rate used had a significant effect on the fair value of the investment in NND LP. As a result, specialized skills and knowledge and significant auditor judgement were required in evaluating the results of our audit procedures.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter:

We evaluated the appropriateness of the Entity's projection of NND LP's operating results by comparing the projected results to historical actual results of NND LP and planned business initiatives. We also compared the Entity's historical projection of NND LP's operating results to actual operating results to assess the Entity's ability to project operating results.

We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the discount rate assumption used in the fair value measurement of the investment in NND LP. The valuation professionals compared the discount rate assumption against a discount rate range that was independently developed using publicly available data for comparable companies. The valuation professionals considered features and risks specific to the investment in NND LP.



Assessment of the recoverable amount of intangible assets

Description of the matter

We draw attention to Notes 3(e), 4(b), and 9(i) to the financial statements. The intangible assets are measured at historical cost and have a carrying value of \$558,921 thousand. The Entity performs an impairment test over its intangible assets annually or when events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverable amount is the higher of fair value less costs of disposal and value in use. An impairment loss is recognized for the amount by which the intangible assets carrying amount exceeds its recoverable amount. In determining the recoverable amount of each intangible asset, the Entity's significant assumptions include the projected sales underlying the royalty payment and pre-tax discount rate.

Why the matter is a key audit matter

We identified the assessment of the recoverable amount of intangible assets as a key audit matter. Significant auditor judgement was required given the high degree of estimation uncertainty in determining the recoverable amount. Minor changes in the projected sales underlying the royalty payment and pre-tax discount rates had a significant effect on the recoverable amount. These factors indicated a significant risk of material misstatement. As a result, specialized skills and knowledge and significant auditor judgment were required in respect of these assumptions and evaluating the results of our audit procedures.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter:

We evaluated the appropriateness of the Entity's projected sales underlying the royalty payment by comparing the projected sales to historical sales. When performing this assessment, we assessed growth rates in comparison to available market information and specific conditions and events affecting the projected sales.

We compared the Entity's historical revenue projections to actual results to assess the Entity's ability to accurately project future sales.

We involved valuation professionals with specialized skills and knowledge, who assisted in the evaluation of the pre-tax discount rate used in the determination of the recoverable amount. The valuation professionals evaluated the pre-tax discount rate by comparing it against a pre-tax discount rate range that was independently developed using publicly available data for comparable companies. The valuation professionals considered features and risks specific to the intangible assets in evaluating the specific risk adjustments applied by the Entity.



Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is Adam Schell.

Vancouver, Canada

March 19, 2026

DIVERSIFIED ROYALTY CORP.Consolidated Statements of Financial Position
(Expressed in thousands of Canadian dollars)

As at December 31, 2025 and 2024

	Note	December 31, 2025	December 31, 2024
Assets			
Current assets:			
Cash		\$ 4,609	\$ 19,692
Royalty and other receivables	6	6,582	6,001
Prepaid expenses and other		217	107
		11,408	25,800
Interest rate swap assets	13	189	194
Right-of-use asset and other		527	615
Note receivable	7	1,447	1,339
Investment in NND LP	8	39,760	40,897
Intangible assets	9	558,921	510,133
		\$ 612,252	\$ 578,978
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	10	\$ 1,958	\$ 4,128
Contingent consideration	9(g), 15	3,280	-
Interest rate swap liabilities	13	595	146
Income tax payable		964	1,376
Bank loans, net of deferred financing charges	11	9,137	-
Exchangeable units and other	14	935	-
		16,869	5,650
Long-term accrued liabilities		79	84
Bank loans, net of deferred financing charges	11	195,749	176,479
Convertible debentures	12	50,702	49,606
Contingent consideration	9(d), 9(g), 15	29,676	33,746
Exchangeable units and other	14	1,405	1,119
Interest rate swap liabilities	13	170	-
Lease obligation		558	635
Deferred income tax liability	17	28,450	22,859
Shareholders' equity:			
Share capital	18	330,547	319,509
Contributed surplus		40,190	40,862
Equity component of convertible debentures		5,127	5,127
Accumulated other comprehensive income		2,262	5,000
Accumulated deficit		(89,532)	(81,698)
		288,594	288,800
		\$ 612,252	\$ 578,978

Subsequent events (note 27)

The accompanying notes are an integral part of these consolidated financial statements.

DIVERSIFIED ROYALTY CORP.

Consolidated Statements of Net Income and Comprehensive Income
(Expressed in thousands of Canadian dollars, except per share amounts)

For the years ended December 31, 2025 and 2024

	Note	Year ended December 31,	
		2025	2024
Royalty income	5	\$ 70,174	\$ 64,391
Management fees		613	599
		<u>70,787</u>	<u>64,990</u>
Expenses:			
Salaries and benefits		2,772	2,766
Share-based compensation	19	1,607	2,152
General and administration		1,102	1,068
Professional fees		540	610
Impairment	9(i)	2,265	8,204
		<u>8,286</u>	<u>14,800</u>
Income from operations		62,501	50,190
Interest expense on credit facilities		(13,752)	(14,133)
Other finance costs, net	21	(1,095)	(887)
Fair value adjustment on financial instruments	16	3,323	2,322
Income before income taxes		50,977	37,492
Income tax expense	17	14,308	10,873
Net income for the year		\$ 36,669	\$ 26,619
Other comprehensive income (loss)			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation adjustment		(2,738)	5,229
Other comprehensive income (loss) for the year		\$ (2,738)	\$ 5,229
Total comprehensive income for the year		\$ 33,931	\$ 31,848
Weighted average number of shares outstanding			
Basic (thousands)	20	168,962	162,183
Diluted (thousands)	20	170,950	163,655
Income per share			
Basic	20	\$ 0.22	\$ 0.16
Diluted	20	\$ 0.21	\$ 0.16

The accompanying notes are an integral part of these consolidated financial statements.

DIVERSIFIED ROYALTY CORP.

Consolidated Statements of Changes in Equity
(Expressed in thousands of Canadian dollars, except for share amounts)

As at December 31, 2025 and 2024

	Note	Common shares (thousands)	Share capital	Contributed surplus	Equity component of convertible debentures	Accumulated other comprehensive income (loss)	Accumulated deficit	Total equity
Balance, December 31, 2024		166,944	\$ 319,509	\$ 40,862	\$ 5,127	\$ 5,000	\$ (81,698)	\$ 288,800
Common shares issued on DRIP		1,869	5,806	-	-	-	-	5,806
Common shares issued on RSUs settled		168	459	(602)	-	-	-	(143)
Share-based compensation - net of RSUs settled		-	-	740	-	-	-	740
Common shares issued on exercise of options		165	593	(810)	-	-	-	(217)
Dividends declared		-	-	-	-	-	(44,503)	(44,503)
Addition to intangible assets	9	1,460	4,180	-	-	-	-	4,180
Comprehensive income (loss)		-	-	-	-	(2,738)	36,669	33,931
Balance, December 31, 2025		170,606	\$ 330,547	\$ 40,190	\$ 5,127	\$ 2,262	\$ (89,532)	\$ 288,594
Balance, December 31, 2023		143,871	\$ 260,142	\$ 40,351	\$ 5,127	\$ (229)	\$ (67,987)	\$ 237,404
Common shares issued on public offering	18	20,321	51,820	-	-	-	-	51,820
Common shares issued on DRIP		2,004	5,507	-	-	-	-	5,507
Common shares issued on RSUs settled		108	223	(269)	-	-	-	(46)
Common shares issued on exercise of options		640	1,817	(204)	-	-	-	1,613
Share-based compensation - net of RSUs settled		-	-	1,639	-	-	-	1,639
Reclassification of RSUs vested		-	-	(655)	-	-	-	(655)
Dividends declared		-	-	-	-	-	(40,330)	(40,330)
Comprehensive income		-	-	-	-	5,229	26,619	31,848
Balance, December 31, 2024		166,944	\$ 319,509	\$ 40,862	\$ 5,127	\$ 5,000	\$ (81,698)	\$ 288,800

The accompanying notes are an integral part of these consolidated financial statements.

DIVERSIFIED ROYALTY CORP.

Consolidated Statements of Cash Flows
(Expressed in thousands of Canadian dollars)

For the years ended December 31, 2025 and 2024

	Note	Year ended December 31,	
		2025	2024
Operating activities:			
Net income		\$ 36,669	\$ 26,619
Adjustments for:			
Tax expense	17	14,308	10,873
Impairment		2,265	8,204
Depreciation expense		99	103
Share-based compensation		1,607	2,152
Fair value adjustments on financial instruments		(3,323)	(2,332)
Interest expense on credit facilities		13,752	14,133
Other finance costs, net		1,095	887
Interest paid		(13,430)	(13,695)
Interest received		241	497
Taxes paid		(9,124)	(6,012)
Distributions received from NND LP		5,305	5,197
Distributions paid on Exchangeable Units	14(b)	(262)	(138)
Note receivable		-	305
Changes in non-cash operating items:			
Royalties and management fees receivable		(588)	(50)
Amounts receivable		4	318
Prepaid expenses and other		(438)	(188)
Accounts payable and accrued liabilities		(2,759)	(382)
Cash flows generated from operating activities		45,421	46,491
Financing activities:			
Proceeds from equity issuance, net of fees	11(a)	-	50,995
Proceeds from issuance of debt, net of fees	11(a),(b),25	37,752	6,707
Proceeds from exercise of options		-	1,613
Payment of lease obligations		(112)	(110)
RSUs settled in cash		(685)	(807)
Payment of dividends, net of DRIP		(38,696)	(34,823)
Repayment of debt	11(a),(b),25	(8,785)	(54,345)
Cash flows used in financing activities		(10,526)	(30,770)
Investing activities:			
Purchase of fixed assets		(11)	(8)
Additions to intangible assets	9(h)	(49,500)	-
Cash flows used in investing activities		(49,511)	(8)
Net increase (decrease) in cash		(14,616)	15,713
Cash, beginning of the year		19,692	4,031
Effect of foreign exchange rate changes on cash		(467)	(52)
Cash, end of the year		\$ 4,609	\$ 19,692

The accompanying notes are an integral part of these consolidated financial statements.

DIVERSIFIED ROYALTY CORP.

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of Canadian dollars)

For the years ended December 31, 2025 and 2024

Diversified Royalty Corp. (“DIV”) is a company domiciled in Canada and governed by the Business Corporations Act (British Columbia). The consolidated financial statements of DIV as at and for the years ended December 31, 2025 and 2024, are composed of DIV and its subsidiaries (together referred to as the “Company”). The head office of the Company is located at 330-609 Granville Street, Vancouver, BC, V7Y 1A1. The registered office of the Company is located at the 25th Floor, 700 West Georgia Street, Vancouver, BC, V7Y 1B3. The Company’s common shares are listed on the Toronto Stock Exchange (“TSX”) and traded under the symbol “DIV”.

1. Nature of operations:

The current business of DIV is to acquire royalties from well-managed multi-location businesses and franchisors in North America (“Royalty Partners”). The Company’s Royalty Partners and the respective licence and royalty arrangements are summarized below.

Sutton Group Realty Services Ltd. (“Sutton”): SGRS Royalties Limited Partnership (“SGRS LP”) (an entity controlled by the Company), owns the trademarks and certain other intellectual property rights utilized by Sutton in its residential real estate franchise business (the “SGRS Rights”). The Company granted Sutton the licence to use the SGRS Rights in exchange for a fixed royalty payment currently equal to \$4.4 million per annum (before royalty relief – refer to note 5(c)) which increases each July at a fixed rate of 2.0% per annum.

Mr. Lube Canada Limited Partnership (“Mr. Lube + Tires”): ML Royalties Limited Partnership (“ML LP”) (an entity controlled by the Company) owns the trademarks and certain other intellectual property rights utilized by Mr. Lube + Tires in its business (the “ML Rights”). The Company granted Mr. Lube + Tires the licence to use the ML Rights in exchange for a royalty payment currently equal to 7.95% of non-tire system sales and 2.50% of tire system sales of Mr. Lube + Tires locations in the royalty pool (the “Mr. Lube + Tires Royalty Pool”).

AIR MILES Loyalty Inc. (“Loyalty Inc.”): AM Royalties Limited Partnership (“AM LP”) (a wholly owned subsidiary of the Company) owns the Canadian AIR MILES trademarks and certain related Canadian intellectual property rights (collectively, the “AIR MILES® Rights”) used by Loyalty Inc. (an affiliate of the Bank of Montreal) in operating the AIR MILES® reward program in Canada (the “AIR MILES® Program”). In accordance with the terms of two licence agreements with Loyalty Inc. (collectively, the “AIR MILES® Licences”), Loyalty Inc. has an exclusive right to use the AIR MILES® Rights in Canada in exchange for a royalty payment equal to 1% of gross billings from the AIR MILES® Reward Program. Refer to subsequent events (note 27).

Mr. Mikes Restaurants Corporation (“Mr. Mikes”): MRM Royalties Limited Partnership (“MRM LP”) (an entity controlled by the Company) owns the trademarks and certain other intellectual property rights utilized by Mr. Mikes in its restaurant business (the “MRM Rights”). The Company granted Mr. Mikes the licence to use the MRM Rights in exchange for a royalty payment currently equal to 4.35% of the gross sales of the Mr. Mikes locations in the royalty pool, which is comprised of 44 Mr. Mikes Restaurants (the “Mr. Mikes Royalty Pool”).

Nurse Next Door Professional Homecare Services Inc. (“Nurse Next Door”): NND Royalties Limited Partnership (“NND LP”) (an entity that is majority-owned by the Company) has legal ownership of the trademarks and certain other intellectual property rights utilized by Nurse Next Door Professional Homecare Services Inc. (“Nurse Next Door”) in its premium home care business (the “NND Rights”) (note 8). NND LP granted Nurse Next Door the licence to use the NND Rights. The Company, through its ownership of NND LP Class A units, is currently entitled to receive a cash distribution of \$5.3 million per year, which grows at a fixed rate of 2.0% per annum (the “DIV Distribution Entitlement”).

Oxford Learning Centres, Inc. (“Oxford”): OX Royalties Limited Partnership (“OX LP”) (an entity controlled by the Company) owns the trademarks and certain other intellectual property rights utilized by Oxford Learning Centres, Inc. (“Oxford”) in its supplemental education business (the “Oxford Rights”). The Company granted Oxford the licence to use the Oxford Rights in exchange for a royalty payment currently equal to 7.67% of the gross sales of Oxford locations in the royalty pool (the “Oxford Royalty Pool”).

DIVERSIFIED ROYALTY CORP.

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of Canadian dollars)

For the year ended December 31, 2025 and 2024

1. Nature of operations (continued):

Stratus Building Solutions Franchising, LLC (“Stratus”) (a US based company): Strat-B Royalties Limited Partnership (“Strat-B LP”) (an entity controlled by the Company) owns the trademarks and certain other intellectual property rights utilized by Stratus in its business (the “Stratus Rights”). The Company granted Stratus the licence to use the Stratus Rights in exchange for a royalty payment currently equal to US\$6.7 million per annum which increases each November at a rate of 5% each year until and including 2026 and 4% each November thereafter.

BarBurrito Restaurants Inc. (“BarBurrito”): BARB Royalties Limited Partnership (“BarB LP”) (an entity controlled by the Company) owns the trademarks and certain other intellectual property rights utilized by BarBurrito in its quick service Mexican restaurants in Canada (the “BarBurrito Rights”). The Company granted BarBurrito the licence to use the BarBurrito Rights in exchange for a royalty payment of \$8.6 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.

Cheba Hut Franchising, Inc. (“Cheba Hut”) (a US based company): Cheeb Royalties Limited Partnership (“Cheeb LP”) (an entity controlled by the Company) owns the trademarks and certain other intellectual property rights utilized by Cheba Hut in its business (the “Cheba Hut Rights”). Cheeb LP granted Cheba Hut the licence to use the Cheba Hut Rights in exchange for a royalty payment currently equal to US\$4.0 million per annum which increases each April at a rate equal to the greater of 3.5% and the U.S. Consumer Price Index (“U.S. CPI”) plus 1.5%.

Substantially all of the Company’s operating revenues are earned from the receipt of royalties and management fees from its Royalty Partners. Accordingly, the revenues of the Company and its ability to pay dividends to shareholders are dependent on the ongoing ability of its Royalty Partners to generate cash and pay royalties and management fees to the Company.

Liquidity

Working capital is defined as current assets less current liabilities on the consolidated statements of financial position. As at December 31, 2025, the Company had cash of \$4.6 million and a working capital deficit of \$5.5 million (December 31, 2024 - \$19.7 million cash, positive working capital of \$20.2 million). The working capital deficit includes the \$6.8 million DIV term loan with a maturity date of December 17, 2026, and the short-term portion of the Acquisition Facility (defined below), which is interest only for the first twelve months from the draw date of June 17, 2025 and is thereafter to be paid off in full at maturity. The Company plans to extend the maturity date of the DIV term loan and to make periodic paydowns on the Acquisition Facility and expects to repay the full balance before its maturity date (refer to subsequent events (note 27)). This expectation is based on the Company’s ability to generate positive cash flow from operations and its history of being able to successfully raise capital through either equity or debt. In addition, the Company also has \$5.9 million in undrawn operating lines of credit available for use.

2. Basis of preparation:

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards. The consolidated financial statements were authorized and approved for issue by the Company’s Board of Directors on March 19, 2026.

(b) Basis of measurement:

These financial statements have been prepared on the historical cost basis except for its Investment in NND LP, interest rate swaps, the MRM Units (defined below) and the ML Units (defined below), which are measured at fair value.

(c) Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars (“CAD”).

The financial statements for each of the Company’s subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which each of the entities operates. The functional currency of Strat-B LP and Cheeb LP is the United States dollar (“USD”). All other entities in the Company have a Canadian dollar functional currency. References to “\$” or “CAD” are related to Canadian dollars, while references to “US\$” or “USD” are related to United States (“US”) dollars.

DIVERSIFIED ROYALTY CORP.

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of Canadian dollars)

For the year ended December 31, 2025 and 2024

2. Basis of preparation (continued):

(c) Functional and presentation currency (continued):

Subsidiaries whose functional currencies differ from the presentation currency are translated into Canadian dollars as follows: assets and liabilities at the closing rate as at the reporting date, equity at the historical rate and income and expenses at the average rate of the period. All resulting changes are recognized in other comprehensive income as cumulative translation differences.

3. Material accounting policies:

The Company has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, unless mentioned otherwise. The material accounting policies of these consolidated financial statements are set out below.

(a) Basis of consolidation:

These consolidated financial statements include the accounts of DIV, SGRS LP, ML LP, AM LP, MRM LP, NND Holdings Limited Partnership (“NNDH LP”), OX LP, Strat-B LP, BarB LP, and Cheeb LP and the respective general partners. All significant intercompany transactions and balances have been eliminated on consolidation.

(b) Cash:

Cash consists of cash on hand, balances on deposit with Canadian chartered banks.

(c) Revenue recognition:

The Company has two revenue streams, royalty income and management fees.

- **Royalty income:** The Company licenses its intellectual property rights to third parties in exchange for royalty payments. Under the Company’s licence and royalty agreements, the performance obligation is satisfied over time because the licensees simultaneously receive and consume the benefits from the Company licensing the intellectual property to them over the terms of their respective agreements. As a result, the Company recognizes royalty income based on the usage or sales that have occurred over a period of time on a monthly basis for practical purposes.
- **Management fees:** The Company provides strategic and other services to certain royalty partners in exchange for a fixed monthly fee. Management fee is recognized as earned over the term of the agreement.

Royalty income and management fees for Mr. Lube + Tires, Sutton, Oxford, BarBurrito, and Cheeba Hut are usually receivable within 15 to 21 days after the calendar month. Royalty income and management fees for Mr. Mikes are receivable 21 days after a specified four-week royalty period. Royalty income from the AIR MILES Program is usually receivable within 14 days after Loyalty Inc.’s calendar quarter. Royalty income from Stratus is usually receivable within 25 days after the calendar month.

(d) Intangible assets:

The intangible assets are recorded at cost on initial recognition, which includes directly attributable acquisition costs, and are adjusted to record the additions to the respective royalty pools. The intangible assets are not amortized as they have an indefinite life and are assessed for impairment as described in note 3(e).

(e) Impairment of intangible assets:

Intangible assets that are not amortized are subject to an annual impairment test or when events or changes in circumstances indicate that the carrying value may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or “CGUs”). The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the CGU). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. An impairment loss is recognized for the amount by which the intangible asset’s carrying amount exceeds its recoverable amount.

DIVERSIFIED ROYALTY CORP.

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of Canadian dollars)

For the year ended December 31, 2025 and 2024

3. Material accounting policies (continued):

(e) Impairment of intangible assets (continued):

A previously recognized impairment loss is assessed at each reporting date for any indicators that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the intangible asset's carrying value does not exceed the carrying amount that would have existed had the original impairment loss not been recognized.

(f) Dividends to DIV shareholders:

Dividends to the Company's shareholders are made monthly based upon available cash at the discretion of the Board of Directors. Dividends are recorded when declared and are subject to the Company retaining such reasonable working capital reserves as may be considered appropriate by the Company.

(g) Contingent consideration:

The contingent consideration liabilities are potential obligations recorded at discounted fair value of the probable outflow of a future event.

(h) Earnings per share:

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the net income attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the net income attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for dilutive potential common shares, which comprise share options, restricted share units, convertible debentures and exchangeable units.

(i) Employee benefits:

(i) Share options:

The Company measures the compensation cost of share-based option awards to employees at the grant date using the Black-Scholes option pricing model to determine the fair value of the options. The compensation cost of the options is recognized as share-based compensation expense over the relevant vesting period of the share options. Forfeitures are estimated and are adjusted if actual forfeitures differ from the original estimate unless forfeitures are due to market-based vesting conditions. When the equity-settled share options are exercised, share capital is increased by the sum of the consideration paid and the carrying value of the share options recorded to contributed surplus.

(ii) Restricted share units:

Restricted share units ("RSUs") are settled, in accordance with the respective RSU agreements, in common shares or cash based on the number of vested restricted share units multiplied by the fair market value of the common shares on the vesting date.

The Company measures the cost of equity-settled RSUs based on the fair value of the underlying shares at the grant date, and is recorded as share-based compensation expense with a corresponding increase in equity over the vesting period. The Company measures the cost of cash-settled RSUs based on the fair value of the underlying shares at the grant date, and is recorded as share-based compensation expense with a corresponding increase in accrued liabilities over the vesting period. The fair value of cash-settled RSUs reflect the value of a Company common share based on the quoted market price at each reporting date. The initial fair value of the liability is calculated as of the grant date and is recognized as share-based compensation expense. Subsequently, at each reporting date, the liability is re-measured with any changes in fair value recognized through profit or loss.

RSUs that have a net-shares settlement feature for withholding tax obligations are classified in their entirety as equity-settled.

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3. Material accounting policies (continued):

(i) Employee benefits (continued):

(iii) Deferred share units:

Deferred share units ("DSUs") are granted to directors of the Company and are settled in common shares when the individual ceases to be a director of the Company, either voluntarily or involuntarily. DSUs vest in the year that they are granted and are settled, in accordance with the respective DSU agreements, based on the number of vested deferred share units multiplied by the fair market value of the common shares on the vesting date.

The Company measures the cost of DSUs based on the fair value of the underlying shares at the grant date and is recorded as share-based compensation expense with a corresponding increase in equity over the vesting period.

DSUs that have a net-shares settlement feature for withholding tax obligations are classified in their entirety as equity-settled.

(j) Income tax:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of the previous year.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities on the consolidated statements of financial position and the amounts attributed to the assets and liabilities for tax purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Foreign withholding taxes, including United States federal withholding taxes at a rate of 10% of gross royalty income generated from sources within the United States, are recognized as a payment in lieu of Canadian federal and provincial current tax to the extent that they may be recovered by the Company as a foreign tax credit against its current tax liabilities arising in Canada.

(k) Financial instruments:

Financial assets are classified and measured based on the business model in which they are held and the characteristics of their cash flows. At initial recognition, all financial assets classified as amortized cost and fair value through other comprehensive income ("FVOCI") are measured at fair value plus transaction costs that are directly attributable to its acquisition.

DIVERSIFIED ROYALTY CORP.

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of Canadian dollars)

For the year ended December 31, 2025 and 2024

3. Material accounting policies (continued):

(k) Financial instruments (continued):

The Company classifies its financial assets in the following categories:

- Financial assets at amortized cost: A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL: it is held in a business model whose objective is to hold the asset to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets within this category are subsequently measured at amortized cost using the effective interest method. Interest income, foreign exchange gains and losses, impairment losses and gain or loss on de-recognition are recognized in profit or loss.
- Financial liabilities are classified as measured at amortized cost or FVTPL. Once the classification of a financial liability has been determined, reclassification is not permitted.
- Debt investments at FVOCI: A debt instrument is classified as FVOCI if it meets both of the following conditions and is not designated as FVTPL: it is held in a business model whose objective is achieved by collecting contractual cash flows and the sale of the financial asset and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets within this category are subsequently measured at fair value. Interest income, dividend income and foreign exchange gains and losses are recognized in profit or loss. Other gains and losses are recognized in other comprehensive income ("OCI") and are reclassified to profit or loss on de-recognition.
- Equity investments at FVOCI: On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. Financial assets within this category are subsequently measured at fair value. Dividend income and foreign exchange gains and losses are recognized in profit or loss. Other gains and losses are recognized in OCI and are never reclassified to profit or loss.
- Financial assets at fair value through profit or loss ("FVTPL"): Financial assets not classified as amortized cost or FVOCI are measured at FVTPL. This includes all derivative financial instruments. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. These assets are subsequently measured at fair value, with net gains or losses, including any interest or dividend income, recognized through profit or loss.
- Financial liabilities at amortized cost: A financial liability is measured at amortized cost using the effective interest method if it is not designated as FVTPL. Interest expense and foreign exchange gains and losses are recognized in profit or loss.
- Financial liabilities at FVTPL: A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense are recognized in profit or loss. For financial liabilities classified as FVTPL, changes in credit risk will be recognized in other comprehensive income, with the remainder of changes recognized in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, the entire change in fair value will be recognized in profit or loss.

The Company has elected as an accounting policy choice for non-substantial modifications of variable or fixed rate debt, if certain criteria are met, to adjust the carrying amount of the financial liability on modification for directly attributable transaction costs and any consideration paid to or received from the counterparty. The effective interest rate is then adjusted to amortize the difference between the revised carrying amount and the expected cash flows over the life of the modified instrument. No gain or loss is recognized in profit or loss. This accounting policy applies to variable or fixed rate debt that had an insignificant original issue discount that can be prepaid at par, or prepaid with insignificant prepayment fees, to the extent that modification has the effect of repricing the debt to a market rate of interest.

DIVERSIFIED ROYALTY CORP.

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(Tabular amounts expressed in thousands of Canadian dollars)

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3. Material accounting policies (continued):

(l) Convertible debentures:

The Company accounts for convertible debentures by allocating the proceeds of the debentures, net of financing costs, between liability and equity based on estimated fair values of the debt and conversion option. The liability component is valued first and the difference between the proceeds of the convertible debentures and the fair value of the liability component is assigned to the equity component. Interest expense is recorded as a charge to earnings and is calculated at an effective rate with the difference between the coupon rate and the effective rate being credited to the debt component of the convertible debentures (accretion expense) such that, at maturity the debt component is equal to the face value of the outstanding convertible debentures.

(m) Changes in material accounting policy:

On January 1, 2024, the Company adopted *Presentation of Financial Statements (Amendments to IAS 1)* and *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*. These amendments clarify the classification of liabilities as current or non-current and improve the information a company provides about long-term debt with covenants. For the purposes of non-current classification, the amendments remove the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must exist at the end of the reporting period and have substance. In addition, covenants with which a company must comply after the reporting date do not affect the liability's classification at the reporting date. For liabilities with covenants, the amendments clarify that only covenants with which an entity is required to comply on or before the reporting date affect the classification as current or non-current. The amendments did not have an impact on the Company's financial statements and the comparative period on the date of adoption.

(n) New and amended standards and interpretations:

Certain new or amended standards and interpretations became effective on January 1, 2025, but do not have a material impact on the consolidated financial statements of the Company.

(o) Accounting standards and amendments issued but not yet adopted:

On April 9, 2024, the IASB issued *IFRS 18 - Presentation and Disclosure in the Financial Statements* replacing IAS 1. IFRS 18 introduces categories and defined subtotals in the statement of profit or loss, disclosures on management-defined performance measures, and requirements to improve the aggregation and disaggregation of information in the financial statements. As a result of IFRS 18, amendments to IAS 7 were also issued to require that entities use the operating profit subtotal as the starting point for the indirect method of reporting cash flows from operating activities and also to remove presentation alternatives for interest and dividends paid and received. Similarly, amendments to IAS 33 "Earnings per Share" were issued to permit disclosure of additional earnings per share figures using any other component of the statement of profit or loss, provided the numerator is a total or subtotal defined under IFRS 18. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively, with early adoption permitted. The Company will apply the new standards from its mandatory effective date of January 1, 2027. Retrospective application is required and to the comparative information to the financial year ending December 31, 2026 will be restated in accordance with IFRS 18.

Certain other new or amended standards and interpretations are expected to become effective on January 1, 2026 and beyond. There are no new standards, interpretations or amendments that are expected to have a material impact to the Company's consolidated financial statements. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

4. Use of estimates and judgments:

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

DIVERSIFIED ROYALTY CORP.

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(Tabular amounts expressed in thousands of Canadian dollars)

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4. Use of estimates and judgments (continued):

(a) Critical judgments:

- Consolidation:

In applying the criteria outlined in IFRS 10, *Consolidated Financial Statements*, judgment is required in determining whether DIV controls SGRS LP, ML LP, MRM LP, AM LP, NND LP, OX LP, Strat-B LP, BarB LP and Cheeb LP. Making this judgment involves taking into consideration the concepts of power over these entities, exposure and rights to variable returns, and the ability to use power to direct the relevant activities of these entities to generate economic returns.

Using these criteria, management has determined that DIV ultimately controls SGRS LP, ML LP, MRM LP, AM LP, OX LP, Strat-B LP, BarB LP and Cheeb LP through its majority ownership of the respective general partners.

Although DIV has 99% ownership over the general partner of NND LP, management has determined that the definition of control pursuant to IFRS 10 is not met as DIV does not have the ability to direct the activities that most significantly affect the returns of NND LP.

- Control of NND Rights:

In determining whether the Company controls an asset, the Company takes into consideration the control model in IFRS 15, *Revenues* ("IFRS 15"), and if there is an agreement to repurchase the asset. If an entity has a right to repurchase the asset, the buyer does not obtain control of the asset because the buyer is limited in its ability to direct the use of, and obtain substantially all of the remaining benefits from, the assets even though the buyer may have physical possession of the asset.

Nurse Next Door has the ability to repurchase the NND Rights from NND LP (the "NND Buy-Out Option") at any time after November 15, 2026. Due to the NND Buy-Out Option, in accordance with IFRS 15, NND LP does not have control over the NND Rights and cannot recognize the NND Rights as an intangible asset on its books. Instead, the transaction is accounted for as a financing arrangement.

- Determination of business combination or asset acquisition:

At the time of acquisition, the Company considers whether or not the transaction represents a business combination or an asset acquisition. A business consists of inputs and processes applied to those inputs that have the ability to contribute to the creation of outputs. This requires the Company to make certain judgments as to whether or not the assets acquired during the transaction include the inputs, processes and outputs necessary to constitute a business. If the assets acquired are not a business, the reporting entity shall account for the transaction or other event as an asset acquisition. Under a business combination, acquisition-related costs are recognized as an expense. Under an asset acquisition, acquisition-related costs are capitalized to the respective asset. The Company has determined that the transactions related to the SGRS Rights, ML Rights, AM Rights, MRM Rights, Oxford Rights, Stratus Rights, BarBurrito Rights, and Cheba Hut Rights were asset acquisitions and the acquisition-related costs were capitalized to the intangible asset.

(b) Key estimates and assumptions:

- Fair value of exchangeable partnership units in SGRS LP, ML LP, MRM LP, OX LP and BarB LP ("Exchangeable Partnership Units"):

The Company does not assign any value to the Exchangeable Partnership Units as they do not currently meet the relevant criteria for exchange into common shares of DIV; however, once the relevant criteria has been met, they convert into exchangeable units which are then fair valued so long as they remain outstanding (note 14).

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Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of Canadian dollars)

For the year ended December 31, 2025 and 2024

4. Use of estimates and judgments (continued):

(b) Key estimates and assumptions (continued):

- Intangible assets:

The Company carries the intangible assets at cost and are not amortized as they have an indefinite life.

The Company tests intangible assets for impairment annually or when there is any indication that an asset may be impaired. This requires the Company to use a valuation technique, which is dependent on a number of different assumptions that requires management to exercise judgment, to determine if impairment exists. These assumptions include the projected sales underlying the royalty payment, as well as the pre-tax discount rate used to determine the value-in-use. As a result, the estimated cash flows that the intangible assets are expected to generate could differ materially from actual results.

- Valuation of the Investment in NND LP:

The Company's investment in NND LP is a financial instrument recorded at fair value. The valuation of NND LP includes an estimate of the discounted cash flows receivable from Nurse Next Door and takes into consideration a number of different variables that requires management to exercise judgment. These judgments include the discount rate used to calculate the fair value of the contractual cash flows receivable, the likelihood of Nurse Next Door exercising the NND Buy-Out Option and the likelihood of Nurse Next Door exercising its right to exchange NND LP Class B units for DIV shares (or cash at DIV's option), subject to meeting certain criteria (the "NND Exchange Mechanism"). As a result, the estimated cash flows that the investment in NND LP are expected to generate could differ materially from actual results.

5. Royalty income:

	Year ended December 31,	
	2025	2024
Mr. Lube + Tires	\$ 33,823	\$ 30,953
Stratus ¹	9,331	8,714
BarBurrito	8,597	8,320
Oxford	4,699	4,487
Mr. Mikes	4,160	4,181
Sutton ²	3,355	4,096
AIR MILES®	3,224	3,640
Cheba Hut ³	2,985	-
	\$ 70,174	\$ 64,391

1) Stratus royalty income for the year ended December 31, 2025 was US\$6.7 million (year ended December 31, 2024 was US\$6.4 million), translated at an average foreign exchange rate of \$1.3975 to US\$1 (year ended December 31, 2024 translated at an average foreign exchange rate of \$1.3703 to US\$1).

2) Sutton royalty income is net of a 20% royalty deferral applied in the fourth quarter of 2024 and 33.3% royalty relief applied in the fourth quarter of 2025. Refer to note 5(c).

3) Cheba Hut royalty income for the year ended December 31, 2025 was US\$2.2 million (year ended December 31, 2024 – US\$nil), translated at an average foreign exchange rate of \$1.3847 to US\$1.

(a) Mr. Lube + Tires:

Pursuant to the terms of the licence and royalty agreement dated August 19, 2015 (the "Mr. Lube + Tires Licence and Royalty Agreement"), the royalty paid by Mr. Lube + Tires to ML LP is calculated by multiplying the system sales of locations within the Mr. Lube + Tires Royalty Pool by an agreed royalty fee (the "Mr. Lube + Tires Royalty Rate"). In addition, ML LP is entitled to receive a make-whole payment in the event that a Mr. Lube + Tires location in the ML Royalty Pool is permanently closed during the royalty payment period. The make-whole payment is based on the lost system sales multiplied by the Mr. Lube + Tires Royalty Rate. Mr. Lube + Tires will also, subject to meeting certain performance criteria, be provided opportunities to increase the Mr. Lube + Tires Royalty Rate in four, 0.5% increments (note 9(a)).

DIVERSIFIED ROYALTY CORP.

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5. Royalty income (continued):

(a) Mr. Lube + Tires (continued):

Mr. Lube + Tires launched a new tire program launched in September 2017. Pursuant to the amended licence and royalty agreement effective September 18, 2017, ML LP agreed to charge an effective royalty rate payable on system sales derived from the sale of tires and rims of 2.5% (compared to 6.95% at that time on all other system sales) for the locations in the Mr. Lube + Tires Royalty Pool. On May 1, 2018, the Mr. Lube + Tires Royalty Rate on non-tire sales was increased from 6.95% to 7.45% and on May 1, 2021, the Mr. Lube + Tires Royalty Rate on non-tire sales was increased from 7.45% to 7.95%.

Effective May 1, 2025, the Mr. Lube + Tires Royalty Pool was adjusted to include the royalties from six new Mr. Lube + Tires locations (five net-new locations including one store closure). With the adjustment for these five net-new locations, the Mr. Lube + Tires Royalty Pool increased to 149 locations effective May 1, 2025. For the year ended December 31, 2025, the royalty paid by Mr. Lube + Tires included non-tire make-whole payments of \$0.8 million for one store that closed on December 31, 2023. For the year ended December 31, 2024, the royalty paid by Mr. Lube + Tires included non-tire make-whole payments of \$2.4 million.

(b) AIR MILES:

The royalty paid by Loyalty Inc. to AM LP is equal to 1% of the gross billings from the AIR MILES Program in accordance with the terms of the AIR MILES Licenses. Refer to subsequent events (note 27).

(c) Sutton:

Pursuant to the terms of the licence and royalty agreement dated June 19, 2015 (the "Sutton Licence and Royalty Agreement"), the royalty paid by Sutton to SGRS LP is calculated by multiplying the determined notional number of agents included in the royalty pool (the "Sutton Royalty Pool") by a notional rate per agent per month (the "Sutton Royalty Rate"). Sutton has the ability, subject to meeting certain performance criteria, to increase the amount of the annual royalty payable to the Company by increasing the number of agents in the Sutton Royalty Pool. The number of agents in the Sutton Royalty Pool may be increased annually and will never be decreased. Sutton will also have the ability, subject to meeting certain performance criteria, to increase the Sutton Royalty Rate in 10.0% increments four times during the life of the royalty (note 9(c)).

DIV agreed to a 20% deferral of royalties paid by Sutton for the period beginning October 1, 2024 to December 31, 2025. Subsequently, DIV entered into an agreement to provide a 33.3% relief of royalties paid by Sutton, superseding the royalty deferral effective October 1, 2025 and ending December 31, 2026. All previously deferred royalty amounts have been forgiven. Net of the 33.3% deferral, the fixed royalty payment is currently equal to \$370 thousand per month.

(d) Mr. Mikes:

Pursuant to the terms of the licence and royalty agreement between Mr. Mikes and MRM LP dated May 20, 2019 and then amendment effective June 13, 2022 (the "Mr. Mikes Licence and Royalty Agreement"), the royalty paid by Mr. Mikes to MRM LP is calculated by multiplying the gross sales of the restaurants in the Mr. Mikes Royalty Pool by the agreed royalty rate of 4.35%.

(e) Oxford:

Pursuant to the terms of the licence and royalty agreement between Oxford and OX LP dated February 20, 2020 (the "OX Licence and Royalty Agreement"), the royalty paid by Oxford to OX LP is calculated by multiplying the gross sales of the locations in the Oxford Royalty Pool by a royalty rate equal to 7.67%.

(f) Stratus:

Pursuant to the terms of the licence and royalty agreement between Stratus and Strat-B LP dated November 15, 2022 (the "Strat-B Licence and Royalty Agreement"), the royalty paid by Stratus to Strat-B LP is US\$6.7 million per annum, net of withholding tax (note 3(j)), and which increases each November at a rate of 5% each year until and including 2026 and 4% each November thereafter.

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5. Royalty income (continued):

(g) BarBurrito:

Pursuant to the terms of the licence and royalty agreement between BarBurrito and BarB LP dated October 4, 2023 (the "BARB Licence and Royalty Agreement"), the royalty paid by BarBurrito to BarB LP is \$8.6 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.

(h) Cheba Hut:

Pursuant to the terms of the licence and royalty agreement between Cheba Hut and Cheeb LP dated June 17, 2025 (the "Cheeb Licence and Royalty Agreement"), the royalty paid by Cheba Hut to Cheeb LP is US\$4.0 million per annum, net of withholding tax (note 3(j)), and which increases each April at a rate equal to the greater of 3.5% and the U.S. CPI plus 1.5%.

6. Royalty and other receivables:

	December 31, 2025	December 31, 2024
Mr. Lube + Tires	\$ 2,782	\$ 2,815
BarBurrito	823	791
Stratus ¹	717	716
Oxford	620	556
AIR MILES®	564	601
Cheba Hut ²	422	-
Mr. Mikes	355	361
Sutton	270	126
Other	22	28
Nurse Next Door	7	7
	\$ 6,582	\$ 6,001

1) Stratus royalty receivable was US\$0.6 million at December 31, 2025, translated at the period-end rate of \$1.4262 to US\$1 (December 31, 2024 - \$0.5 million, translated at the year-end rate of \$1.4384 to US\$1).

2) Cheba Hut royalty receivable was US\$0.3 million at December 31, 2025, translated at the period-end rate of \$1.4262 to US\$1 (December 31, 2024 - US\$nil).

7. Note receivable:

On December 11, 2023, DIV issued a promissory note receivable with a face value of \$2.1 million to a company unrelated to DIV. On February 6, 2024, DIV received a voluntary \$0.3 million partial principal payment on its note receivable, reducing the outstanding balance to \$1.8 million. The note receivable is a 5-year, interest-bearing, non-amortizing promissory note with a discounted carrying value of \$1.3 million. The promissory note shall bear interest at a rate equal to Term CORRA plus 2.5% per annum, payable monthly.

DIV agreed to a 100% deferral of interest payable on the promissory note for the period beginning October 1, 2024 to December 31, 2026. The deferred interest will be recognized when collected.

8. Investment in NND LP:

On November 15, 2019, DIV subscribed to NND LP Class A units for a cash purchase price of \$52.0 million, and Nurse Next Door subscribed to NND LP Class B units for an agreed value of \$23.0 million. On November 15, 2019, NND LP licensed the NND Rights to Nurse Next Door for 99 years in exchange for a gross royalty equal to the greater of: (i) 6% of gross sales from Nurse Next Door's franchises and corporate stores in Canada and the United States, and (ii) \$5.4 million per year, which increases at a fixed rate of 2.0% per annum. Subject to certain royalty coverage tests being met, Nurse Next Door is able to sell additional royalties to NND LP commencing on February 1, 2021.

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8. Investment in NND LP (continued):

In consideration for the incremental royalty, Nurse Next Door will be entitled, subject to TSX approval, to indirectly exchange its NND LP Class B Units for common shares of DIV, or cash at DIV's election.

The Company, through its ownership of NND LP Class A units, is entitled to receive a cash distribution of \$5.4 million per year, which grows at a fixed rate of 2.0% per annum (the "DIV Distribution Entitlement"). To the extent the gross royalty is greater than the DIV Distribution Entitlement, Nurse Next Door is entitled to receive the excess amount in the form of a cash distribution through its ownership of NND LP Class B units. Under the terms of the governance agreement dated November 15, 2019 between DIV, Nurse Next Door and other parties (the "NND Governance Agreement"), Nurse Next Door has the right at any time after November 15, 2026 to buy back the NND Rights at a price determined in accordance with a formula outlined in the NND Governance Agreement upon any exercise of such right.

Due to the NND Buy-Out Option, NND LP does not have control (per IFRS 15) over the NND Rights and cannot recognize the NND Rights as an intangible asset. Instead, the transaction is accounted for as a financing arrangement, and the Company's investment in NND LP is a financial instrument measured at fair value. The cash distributions received by the Company from NND LP are recorded as a reduction in its investment in NND LP. For the year ended December 31, 2025, the DIV Distribution Entitlement was \$5.3 million net of expenses incurred by NND LP (December 31, 2024 - \$5.2 million net of expenses incurred by NND LP).

The valuation of the financial instrument includes an estimate of the discounted cash flow receivable from Nurse Next Door and takes into consideration the likelihood of Nurse Next Door exercising the NND Buy-Out Option and the NND Exchange Mechanism. The NND Buy-Out Option and NND Exchange Mechanism are embedded derivatives with a negligible value at December 31, 2025 and 2024. The contractual cash flows receivable from Nurse Next Door were discounted at a rate of 16.8% (2024 - 16.1%). The total fair value of NND LP was \$39.8 million (2024 - \$40.9 million) and a fair value gain of \$4.2 million was recorded during the year ended December 31, 2025 (2024 - fair value gain of \$5.3 million). A one percentage point increase in the discount rate would decrease the fair value by \$2.3 million (2024 - \$2.5 million). A one percentage point decrease in the discount rate would increase the fair value by \$2.7 million (2024 - \$2.9 million).

9. Intangible assets:

	ML Rights (a)	AIR MILES® Rights (b)	SGRS Rights (c)	MRM Rights (d)	Oxford Rights (e)	Stratus Rights (f) ⁽¹⁾	BarBurrito Rights (g)	Cheba Hut Rights (h) ⁽²⁾	Total
Balance, December 31, 2023	\$ 181,173	\$ 30,675	\$ 27,653	\$ 42,496	\$ 41,351	\$ 79,467	\$ 108,674	\$ -	\$ 511,489
Foreign exchange (Impairment) ⁽³⁾	-	-	-	-	-	6,848	-	-	6,848
	-	(6,487)	(1,717)	-	-	-	-	-	(8,204)
Balance, December 31, 2024	\$ 181,173	\$ 24,188	\$ 25,936	\$ 42,496	\$ 41,351	\$ 86,315	\$ 108,674	\$ -	\$ 510,133
Additions	5,020	-	-	-	-	-	-	49,500	54,520
Foreign exchange	-	-	-	-	-	(3,962)	-	495	(3,467)
Reversal (Impairment) ⁽³⁾	-	3,172	(3,828)	(1,609)	-	-	-	-	(2,265)
Balance, December 31, 2025	\$ 186,193	\$ 27,360	\$ 22,108	\$ 40,887	\$ 41,351	\$ 82,353	\$ 108,674	\$ 49,995	\$ 558,921

1) At December 31, 2025, the Stratus Rights were translated at the period-end rate of \$1.3724 to US\$1, giving rise to a \$4.0 million foreign exchange loss recorded to other comprehensive income. At December 31, 2024, the Stratus Rights were translated at the year-end rate of \$1.4384 to US\$1, giving rise to a \$6.9 million foreign exchange loss recorded to other comprehensive income.

2) At December 31, 2025, the Cheba Hut Rights were translated at the period-end rate of \$1.3724 to US\$1, giving rise to a \$0.5 million foreign exchange gain recorded to other comprehensive income.

3) Refer to note 9(i).

(a) ML Rights:

ML LP licensed the ML Rights back to Mr. Lube + Tires for 99 years in exchange for a royalty payment equal to the system sales of the Mr. Lube + Tires locations in the Mr. Lube + Tires Royalty Pool multiplied by the Mr. Lube + Tires Royalty Rate (note 5(a)). Upon closing the Mr. Lube + Tires acquisition, ML LP issued 100,000,000 Class B, Class C, Class D, Class E, and Class F units to Mr. Lube + Tires. These units will become exchangeable into common shares of the Company through the exchange agreement dated August 19, 2015 among Mr. Lube + Tires, ML Royalties GP Inc. and the Company (the "Mr. Lube + Tires Exchange Agreement") upon the satisfaction of certain performance criteria. The Class B LP units of ML LP become exchangeable into common shares of the Company upon adding Mr. Lube + Tires locations to the ML Royalty Pool. The Class C, Class D, Class E, and Class F LP units become exchangeable into common shares of the Company on increases in the ML Royalty Rate of 0.5% increments four times during the life of the royalty, in accordance with the partnership agreement dated August 19, 2015 among Mr. Lube + Tires, the Company, and ML Royalties GP Inc., as amended.

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9. Intangible assets (continued):

(a) ML Rights (continued):

In addition to the royalty, Mr. Lube + Tires will pay the Company a management fee of approximately \$0.2 million per year for strategic and other services. The management fee will be increased at a rate of 2.0% per annum over the term of the Mr. Lube Licence + Tires and Royalty Agreement.

Annually on May 1, the Mr. Lube + Tires Royalty Pool may be adjusted, subject to meeting certain criteria, to include gross sales from new Mr. Lube + Tires locations less gross sales from Mr. Lube + Tires locations that were permanently closed during the preceding calendar year. In return for adding these net sales to the Mr. Lube + Tires Royalty Pool, Mr. Lube + Tires receives the right to indirectly acquire common shares of the Company through the exchange of Class B LP Units of ML LP (the "ML Additional Entitlement"). The ML Additional Entitlement is determined based on the estimated net tax-adjusted royalty revenue added to the Mr. Lube + Tires Royalty Pool (adjusted by a 20% discount for locations that were open for business prior to June 30, 2019, or a 7.5% discount for all other additions), divided by the yield of the Company's shares, divided by the weighted average share price of the Company's shares over the 20 days preceding March 31. Mr. Lube + Tires receives 80% of the estimated ML Additional Entitlement initially, with the balance received on May 1 of the subsequent year when the actual full year performance of the new locations is known with certainty. The ML Additional Entitlement is automatically exchanged by Mr. Lube + Tires into common shares of DIV, or settled in cash at DIV's option, pursuant to the Mr. Lube + Tires Exchange Agreement.

On April 21, 2023, DIV and Mr. Lube + Tires entered into an amendment (the "LP Amendment") to the amended and restated limited partnership agreement (the "LP Agreement") of ML LP to confirm the terms on which five new locations would be added to the Mr. Lube + Tires Royalty Pool on May 1, 2023. The initial consideration paid to Mr. Lube + Tires for the estimated net additional royalty revenue from the five new locations was \$4.7 million, representing 80% of the total estimated consideration of \$5.9 million. The initial consideration of \$4.7 million was elected by DIV to be paid in cash (the "2023 Amendment Consideration"). The initial consideration was based on the forecast system sales of such locations for year ending December 31, 2023. As a result of the LP Amendment, the remaining consideration payable for the additional royalty revenue of the five new Mr. Lube + Tires locations added to the Mr. Lube + Tires Royalty Pool on May 1, 2023 was paid to Mr. Lube + Tires on May 1, 2025 (as opposed to May 1, 2024), and has been adjusted to reflect the actual system sales of these five new locations for the year ending December 31, 2024 (as opposed to the actual system sales for the year ending December 31, 2023).

On May 1, 2025, the actual system sales for the five locations added to the Mr. Lube + Tires Royalty Pool on May 1, 2023 was determined for the year ended December 31, 2024 to be \$10.1 million. The total consideration payable to Mr. Lube + Tires for the additional royalty revenue of these five locations based on their actual system sales for the year ended December 31, 2024 was \$7.1 million. After taking into account the \$4.7 million previously paid by DIV to Mr. Lube + Tires on May 1, 2023, DIV paid Mr. Lube + Tires the remaining \$2.4 million of cash consideration for the additional royalty revenue of these five locations on May 1, 2025.

On May 1, 2025, the Mr. Lube + Tires Royalty Pool was adjusted to include six new flagship Mr. Lube + Tires locations that had been open since July 1 of the previous reporting period and to remove one Mr. Lube + Tires flagship location that permanently closed during the previous year.

The initial consideration paid to Mr. Lube + Tires for the estimated net additional royalty revenue from the five net new locations was \$4.0 million, representing 80% of the total estimated consideration of \$5.0 million. The initial consideration of \$4.0 million was elected by DIV to be paid in the form of 1,460,419 common shares on the basis of the 20-day volume weighted average closing price of the common shares for the period ended April 24, 2025 of \$2.7363 per common share.

The remaining consideration payable for the additional royalty revenue of the five net new Mr. Lube + Tires locations added to the Mr. Lube + Tires Royalty Pool on May 1, 2025 will be paid to Mr. Lube + Tires on May 1, 2026 in DIV common shares, and will be adjusted to reflect the actual system sales of these six new locations for the year ending December 31, 2025, net of the lost system sales of the one permanently closed location removed from the Mr. Lube + Tires Royalty Pool on May 1, 2025. As at December 31, 2025, the remaining consideration payable was adjusted to \$935 thousand reflecting the actual system sales and recorded to exchangeable units and other. In addition, ML LP will also be required to pay Mr. Lube + Tires an amount of approximately \$0.1 million in cash on May 1, 2026, equal to the dividends Mr. Lube + Tires would have received in the period from May 1, 2025 to May 1, 2026 had the DIV common shares been issued on May 1, 2025.

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9. Intangible assets (continued):

(b) AIR MILES Rights:

In accordance with the terms of the AIR MILES Licenses, AM LP will receive an aggregate royalty, payable quarterly, equal to 1% of gross billings from the AIR MILES Program in Canada in perpetuity. Refer to subsequent events (note 27).

(c) SGRS Rights:

SGRS LP licensed the SGRS Rights back to Sutton for 99 years in exchange for a royalty payment equal to the Sutton Royalty Pool multiplied by the Sutton Royalty Rate (note 5(c)).

Upon closing the Sutton Acquisition, SGRS LP issued 100,000,000 Class A, Class B, Class C, Class D, and Class E LP units to Sutton. These units will become exchangeable into common shares of the Company through the exchange agreement dated June 19, 2015 among Sutton, SGRS Royalties GP Inc. and the Company upon the satisfaction of certain performance criteria. The Class A LP Units become exchangeable into common shares of the Company on the contribution of additional agents into the Sutton Royalty Pool. The Class B, Class C, Class D, and Class E LP units become exchangeable into common shares of the Company on increases in the Sutton Royalty Rate of 10.0% increments four times during the life of the royalty, in accordance with the partnership agreement dated June 19, 2015 among Sutton, the Company, and SGRS Royalties GP Inc. (the "Sutton Exchange Agreement").

In addition to the royalty, Sutton will pay the Company a management fee of approximately \$0.1 million per year for strategic and other services. The management fee will be increased by 10.0% every five years.

Annually on July 1, the Sutton Royalty Pool may be adjusted, subject to meeting certain performance criteria, to increase the number of agents. In return for increasing the number of agents in the Sutton Royalty Pool, Sutton receives the right to indirectly acquire common shares of the Company through the exchange of Class A LP Units of SGRS LP (the "SGRS Additional Entitlement"). The SGRS Additional Entitlement is determined based on 92.5% of the estimated net tax-adjusted royalty revenue added to the Sutton Royalty Pool, divided by the yield of the Company's shares, divided by the weighted average share price of the Company's shares over the 20 days preceding May 31.

The SGRS Additional Entitlement is automatically exchanged by Sutton into common shares of DIV, or settled in cash at DIV's option, pursuant to the Sutton Exchange Agreement.

(d) MRM Rights:

On May 20, 2019, the Company acquired, through MRM LP, the MRM Rights for \$43.2 million. The purchase price was satisfied by a cash payment of \$37.1 million, the issuance of 1,000,000,000 Class B and Class C units of MRM LP having an agreed value of \$1.15 million to Mr. Mikes, and a promissory note of \$4.95 million, payable subject to certain conditions being met (refer to note 15). The cash payment was financed by cash on hand of \$37.1 million, which was subsequently partially refinanced by the issuance of \$10.3 million of debt (note 11(b)). The promissory note was initially recorded at a fair value and is subsequently measured at amortized cost using the effective interest method. In addition, \$0.2 million in costs incurred for the acquisition of the MRM Rights were capitalized as part of the purchase.

Pursuant to the Amended MRM Royalty Agreements (note 5(d)), Mr. Mikes will be permitted, on April 1st of each year, to add eligible new Mr. Mikes locations to the Amended Mr. Mikes Royalty Pool less gross sales from Mr. Mikes restaurants that were permanently closed during the preceding calendar year, subject to Mr. Mikes meeting the required royalty coverage test. In consideration for the addition of the net eligible new Mr. Mikes locations to the Amended Mr. Mikes Royalty Pool, Mr. Mikes will initially be entitled to payment in cash, which payments will be deducted against the outstanding balance owing by MRM LP on the promissory note (the "Amended Note"), and thereafter to exchange certain units of MRM LP held by Mr. Mikes for common shares of DIV subject to the approval of the TSX or cash at DIV's election.

The Amended Note is deducted by payment amounts calculated based on a multiple of 8.5x, multiplied by the net royalty revenue attributable to the net eligible new Mr. Mikes locations added to the Amended Mr. Mikes Royalty Pool, with other adjustments.

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9. Intangible assets (continued):

(d) MRM Rights (continued):

The Class B and Class C units are exchangeable into common shares of the Company through certain agreements among Mr. Mikes, MRM Royalties GP Inc. and the Company, in each case, upon satisfaction of certain performance criteria and the approval of the TSX. The Class B units become exchangeable into common shares of the Company upon adding net eligible new Mr. Mikes locations to the Amended Mr. Mikes Royalty Pool (excluding the locations attributable to deduction against the Amended Note). In return for adding these net sales to the Mr. Mikes Royalty Pool, Mr. Mikes receives the right to indirectly acquire common shares of the Company through the exchange of Class B LP units of MRM LP (the "MRM Additional Entitlement"). The Class C units become exchangeable into common shares of the Company upon increases in the MRM Royalty Rate, which may continue to be in increments of 0.25% six times during the life of the royalty, in accordance with the Amended MRM Royalty Agreements. On May 20, 2019 and as at December 31, 2025 and December 31, 2024, the total number of exchangeable Class B and Class C units was 355,032, and represents a retained interest in MRM LP (the "Initial Retained Interest") of approximately 4.1% (note 14(b)).

The Initial Retained Interest must be held in perpetuity and cannot be exchanged by Mr. Mikes for common shares of DIV without DIV's prior written approval and the approval of the TSX.

The MRM Additional Entitlement is determined based on the estimated net-tax-adjusted royalty revenue added to the Amended Mr. Mikes Royalty Pool (adjusted by a 10% discount), divided by the yield of the Company's shares, divided by the weighted average share price of the Company's shares of the 20 trading days ending on the fifth trading day preceding the last day of February, with other adjustments. Mr. Mikes receives 80% of the estimated MRM Additional Entitlement initially, with the balance received on April 1 of the subsequent year when the actual full year performance of the new locations is known with certainty. The MRM Additional Entitlement is exchanged by Mr. Mikes into common shares of DIV, or settled in cash at DIV's option, pursuant to the Amended MRM Royalty Agreements.

In addition to the royalty payable to MRM LP, Mr. Mikes will pay the Company a management fee of approximately \$0.04 million per year for strategic and other services. The management fee will be increased at a rate of 2.5% per annum over the term of the Amended MRM Royalty Agreements. During the year ended December 31, 2025, due to a change in the expected timing of the settlement of the promissory note, a \$0.6 million gain (2024 - \$0.3 million gain) was recorded in other finance costs (note 21), offset by \$0.4 million in accretion expense (2024 - \$0.4 million). The MRM LP promissory note was discounted at a rate of 11.8% (2024 - 8.5%) and had a carrying value of \$3.6 million as at December 31, 2025 (2024 - \$3.8 million).

(e) Oxford Rights:

On February 20, 2020, the Company indirectly acquired, through OX LP, the Oxford Rights for a purchase price of \$44.0 million, plus a retained interest provided to Oxford through the issuance of 10,493 Ordinary LP units, 100,000,000 Class B, 100,000,000 Class C, 100,000,000 Class D, 100,000,000 Class E, 100,000,000 Class F, 100,000,000 Class G, and 100,000,000 Class H limited partner units of OX LP having an agreed value of approximately \$33,000.

The cash purchase price of \$44.0 million was funded with \$37.0 million drawn from DIV's Acquisition Facility (defined below, refer to note 11(a)) and DIV's cash on hand following DIV's drawdown of the remaining \$7.0 million of available capacity under the NNDH LP term loan facility (note 11(b)). The refundable Goods and Services Tax of \$2.2 million payable by OX LP on the purchase price and estimated transaction costs were funded with a further \$2.7 million drawn from the available capacity under the Acquisition Facility. The Acquisition Facility was subsequently partially repaid in cash using funds received from the issuance of equity and the issuance of \$9.0 million of debt (note 11(b)).

The Class B, Class C, Class D, Class E, Class F, Class G and Class H units are exchangeable into common shares of the Company through the exchange agreement dated February 20, 2020 among Oxford, OX Royalties GP Inc. and the Company (the "Oxford Exchange Agreement") upon the satisfaction of certain performance criteria.

Annually on May 1, the Oxford Royalty Pool may be adjusted, subject to meeting certain criteria, to include gross sales from new Oxford locations less gross sales from Oxford locations that were permanently closed during the preceding calendar year. In return for adding these net sales to the Oxford Royalty Pool, Oxford receives the right to indirectly acquire common shares of the Company through the exchange of Class B units of OX LP (the "OX Additional Entitlement"). The OX Additional Entitlement is determined based on the estimated royalty revenue added to the Oxford Royalty Pool multiplied by a 7.6x multiple. Oxford receives 80% of the estimated OX Additional Entitlement initially, with the balance received on May 1 of the subsequent year when the actual full year performance of the new locations is known with certainty.

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9. Intangible assets (continued):

(e) Oxford Rights (continued):

The OX Additional Entitlement is automatically exchanged by Oxford into common shares of DIV, or settled in cash at DIV's option, pursuant to the Oxford Exchange Agreement.

The Class C, Class D, Class E, Class F, Class G and Class H units become exchangeable into common shares of the Company on increases in the Oxford Royalty rate of 0.25% increments six times during the term of the OX Licence and Royalty Agreement.

In addition to the royalty payable to OX LP, Oxford will pay DIV a management fee of \$45,000 per annum for strategic advice and other services. The management fee will increase by \$5,000 every five years over the term of the OX License and Royalty Agreement.

(f) Stratus Rights:

On November 14, 2022, the Company acquired through Strat-B LP, the Stratus Rights for a purchase price of US\$59.4 million. The purchase price was funded with \$47.0 million drawn from DIV's existing undrawn Acquisition Facility (defined below, refer to note 11(a)), a \$15 million increase in the senior credit facilities of the Company's subsidiary ML LP (note 11(b)), and a US\$15 million senior credit facility issued to Strat-B LP (note 11(b)). The Acquisition Facility was subsequently partially repaid in cash using funds received from the issuance of equity in November 2022.

Stratus may increase the annual royalty payable on April 1st of each year following the closing date (each an "Adjustment Date") subject to Stratus satisfying certain royalty coverage tests. The amount of each royalty increase cannot be less than US\$1.0 million per annum and must, in respect of amounts over that threshold, be in increments of US\$0.1 million per annum. In consideration for a royalty increase on an Adjustment Date, Strat-B LP will pay an amount to Stratus in cash, based on a formula that is intended to be accretive to DIV.

(g) BarBurrito Rights:

On October 4, 2023, the Company acquired through BarB LP, the BarBurrito Rights for a purchase price of \$72 million cash, a retained interest provided to BarBurrito through the issuance of 18,791 Ordinary LP units, 100,000,000 Class B, 100,000,000 Class C, 100,000,000 Class D, 100,000,000 Class E, 100,000,000 Class F, 100,000,000 Class G and 100,000,000 Class H limited partner units of BarB LP having an agreed value of approximately \$52,059, and a \$36 million promissory note (refer to note 15) that is repayable by BarB LP to BarBurrito upon the first eligible new BarBurrito locations being added to the royalty pool, for a total of \$108 million. The BarB LP promissory note was initially recorded at a fair value and is subsequently measured at amortized cost using the effective interest method. The promissory note was discounted at a rate of 11.8% (2024 – 8.5%) and had a carrying value of \$29.2 million as at December 31, 2025 (2024 – \$29.9 million). During the year ended December 31, 2025, due to a change in the expected timing of the settlement of the promissory note, a \$3.4 million gain (2024 - \$2.7 million gain) was recorded, offset by \$2.8 million in accretion expense (2024 - \$2.7 million).

The Class B, Class C, Class D, Class E, Class F, Class G and Class H units are exchangeable into common shares of the Company through the exchange agreement dated October 4, 2023 among BarBurrito, BARB Royalties GP Inc. and the Company (the "BarBurrito Exchange Agreement") upon the satisfaction of certain performance criteria.

The cash purchase price was funded with (i) \$50.0 million drawn from DIV's Acquisition Facility (defined below, refer to note 11(a)), (ii) \$2.0 million from DIV's cash on hand, (iii) \$10.0 million drawn from a new senior credit facility issued to BarB LP (refer to note 11(b)), (iv) \$10.0 million drawn from a new senior term credit facility issued to DIV (refer to note 11(b)).

Commencing January 1, 2025, the BarBurrito locations into the royalty pool (the "BarBurrito Royalty Pool"), may be adjusted annually on March 1, subject to meeting certain criteria, to include gross sales from new BarBurrito locations less gross sales from BarBurrito locations that were permanently closed during the preceding calendar year. On the addition of net new BarBurrito locations into the BarBurrito Royalty Pool, BarB LP will first pay down the \$36 million promissory note (the "BarB LP Prom Note") at an 8.75x multiple (refer to subsequent events (note 27)). After the BarB LP Prom Note has been repaid in full, on the addition of net new BarBurrito locations into the BarBurrito Royalty Pool, BarBurrito will be entitled to exchange Class B units of BarB LP (the "BARB Additional Entitlement") for common shares of DIV (or cash, at DIV's election) at a 7.75x multiple.

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9. Intangible assets (continued):

(g) BarBurrito Rights (continued):

Commencing January 1, 2031 when the Royalty begins to fluctuate based on the gross sales of the BarBurrito Royalty Pool and subject to meeting certain performance criteria, BarBurrito will also be provided opportunities to increase the royalty rate then payable in six, 0.25% increments during the life of the royalty. The Class C, Class D, Class E, Class F, Class G and Class H units become exchangeable into common shares of the Company (or cash, at DIV's election) on increases in the BarBurrito royalty rate of 0.25% increments six times during the term of the BarBurrito Licence and Royalty Agreement.

In addition to the royalty payable to BarB LP, BarBurrito will pay DIV a management fee of \$82,720 per annum for strategic advice and other services. The management fee will be adjusted on January 1st of each year for the change in the consumer price index for the most current twelve-month period available on such January 1, or if such index is replaced or renamed, the consumer price index with the broadest basket of goods for all of Canada.

(h) Cheba Hut Rights:

On June 17, 2025, the Company acquired through Cheeb LP, the Cheba Hut Rights for a purchase price of US\$36 million cash. The purchase price was funded with approximately US\$18 million drawn from DIV's amended Acquisition Facility (defined below, refer to note 11(a)), approximately US\$8 million from DIV's cash on hand, US\$5 million drawn from a new senior credit facility issued to Cheeb LP (note 11(b)), and US\$5 million drawn from a new senior term credit facility issued to DIV.

Upon closing of the transaction, Cheeb LP granted Cheba Hut the licence to use the Cheba Hut Rights for 50 years in exchange for a royalty payment currently equal to US\$4.0 million per annum which increases each April at a rate equal to the greater of 3.5% and the U.S. CPI plus 1.5%.

Cheba Hut may increase the annual royalty payable on April 1st of each year, subject to Cheba Hut satisfying certain royalty coverage tests. The amount of each royalty increase cannot be less than US\$500,000 per annum and must, in respect of amounts over that threshold, be in increments of US\$100,000 per annum. In consideration for a royalty increase on an adjustment date, Cheeb LP will pay an amount to Cheba Hut in cash, based on a multiple between seven and eight times (depending on certain conditions being met) the incremental annual royalty purchased, as additional consideration for the Cheba Rights.

(i) Impairment assessment:

The Company tests the carrying value of its intangible assets for impairment annually, or when there is an indication that an asset may be impaired. Impairment exists if the carrying value of the cash-generating unit ("CGU") is greater than its recoverable amount.

The Company performed its annual impairment test on its indefinite life intangible assets as at December 31, 2025 and December 31, 2024. The Company has used the value in use method to determine the recoverable amount for all impairment testing performed during the years ended December 31, 2025 and December 31, 2024. The estimates of future cash flows require a number of key assumptions about future business performance. These assumptions and estimates are based on the relevant business' historical experience, economic trends, as well as past and ongoing communications with relevant stakeholders of the Company. The expected future cash flows are based on the projected sales underlying the royalty payment over a five-year period, with a terminal growth rate applied on the expected cash flows thereafter to reflect the indefinite life of the intangible assets. However, these forecasted cash flows are based on current and anticipated market conditions, which are inherently uncertain.

The following tables outline the pre-tax discount rate and the terminal value growth rate used in calculating the recoverable amount for each CGU tested for impairment as at December 31, 2025 and December 31, 2024:

December 31, 2024	ML Rights	AIR MILES Rights	SGRS Rights	MRM Rights	Oxford Rights	Stratus Rights	Cheba Hut Rights	BarBurrito Rights
Pre-tax discount rate	11.5%	14.8%	18.2%	12.2%	12.9%	14.3%	N/A	11.0%
Terminal value growth rate	3.0%	2.0%	2.0%	3.0%	3.0%	4.0%	N/A	4.0%
December 31, 2025	ML Rights	AIR MILES Rights	SGRS Rights	MRM Rights	Oxford Rights	Stratus Rights	Cheba Hut Rights	BarBurrito Rights
Pre-tax discount rate	10.9%	7.8%	19.8%	11.5%	13.6%	14.7%	13.9%	11.1%
Terminal value growth rate	3.0%	N/A ¹	2.0%	3.0%	3.0%	4.0%	3.5%	4.0%

1) Subsequent to year end, the terms of AIR MILES® Licences have been amended to provide a fixed annual royalty payment over a 10-year term. Refer to note 27.

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9. Intangible assets (continued):

(i) Impairment assessment (continued):

During the year ended December 31, 2025, the pre-tax discount rate had a range from 7.8% to 19.8% (2024 – 11.0% to 18.2%), and the terminal value growth rate had a range of 0% to 4% (2024 - range from 2.0% to 4.0%).

There were no impairment charges or reversals to the carrying amount of the MRM Rights for the year ended December 31, 2024. In 2025, Mr. Mikes saw three locations close that are part of the Mr. Mikes Royalty Pool for a total of 4 locations closed. Therefore, based on the assessments performed, the Company concluded that the carrying amount for the MRM Rights exceeded the recoverable amount and as a result, the Company recorded an impairment loss of \$1.6 million in connection with the MRM Rights for the year ended December 31, 2025.

In 2024, the AIR MILES Reward Program saw further negative results compared to 2023. Based on the assessments performed, the Company concluded that the carrying amount for the AIR MILES Rights exceeded the recoverable amount and as a result, the Company recorded a further impairment loss of \$6.5 million in connection with the AIR MILES Rights for the year ended December 31, 2024.

In 2025, the AIR MILES Reward Program saw further negative results. In December of 2025, the Company contemplated amending the terms of the AIR MILES® Licences and had discussions with Loyalty Inc. Subsequent to year end, the Company entered into a new fixed royalty agreement (refer to note 27(a)) and based on the assessments performed, the Company concluded that the recoverable amount for the AIR MILES Rights exceeded the carrying amount and as a result, the Company recorded an impairment reversal of \$3.2 million in connection with the AIR MILES Rights for the year ended December 31, 2025.

In 2024, the Canadian real estate market saw a moderate rebound, partially due to falling interest rates. The Company provided Sutton with a 20% deferral of royalties for the months of October 2024 to December 2025. Based on the assessments performed, the Company concluded that the carrying amount for the SGRS Rights exceeded the recoverable amount and as a result, the Company recorded an impairment loss of \$1.7 million in connection with the SGRS Rights for the year ended December 31, 2024.

In 2025, to support Sutton's continued investment in business development initiatives to increase its agent base, the Company waived 33% of the royalties payable by Sutton for the months of October 2025 to December 2026 and the 20% deferred royalties payable by Sutton for the months of October 2024 to September 2025 were forgiven. Therefore, based on the assessments performed, the Company concluded that the carrying amount for the SGRS Rights exceeded the recoverable amount and as a result, the Company recorded an impairment loss of \$3.8 million in connection with the SGRS Rights for the year ended December 31, 2025.

As the carrying value of the BARB rights, OX Rights, Stratus Rights, and Cheba Hut Rights approximate the estimated recoverable amount, a subsequent change in any key assumption utilized in the estimate of future cash flows may result in further adjustments. The Company also considers other reasonably possible scenarios where projected sales underlying the royalty payment are less than expected, along with other reasonably possible higher discount rates to determine whether the intangible assets would be impaired under those scenarios. As at December 31, 2025, the Company also tested the ML Rights in a similar manner described above and determined that the recoverable amount exceeded the carrying value and that there is sufficient headroom; therefore, no impairment exists.

10. Accounts payable and accrued liabilities

As at December 31, 2025 and 2024, the Company had the following accounts payable and accrued liabilities:

	December 31, 2025	December 31, 2024
Salaries and employment benefits	\$ 440	\$ 393
Accrued liabilities	372	196
GST payable	324	345
Interest accrued on long-term debt	322	438
RSU obligation	306	261
Trade payables	100	125
Mr. Lube + Tires consideration payable	94	2,370
	\$ 1,958	\$ 4,128

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11. Bank loans, net of deferred financing charges:

	December 31, 2025	December 31, 2024
Term loan facilities	\$ 183,770	\$ 176,551
Acquisition facility (refer to note 11 (a))	21,116	(72)
	204,886	176,479
Less: current portion (refer to note 11 (a),(b))	(9,137)	-
Long-term portion	\$ 195,749	\$ 176,479

(a) Acquisition facility:

The following table reconciles the Acquisition Facility to the carrying value as at December 31, 2025 and December 31, 2024:

Acquisition facility	December 31, 2025	December 31, 2024
Balance, beginning of year	\$ (72)	\$ 49,091
Draw downs	24,458	-
Deferred financing costs	(118)	(72)
Principal paydowns	(3,285)	(49,091)
FX revaluation gain/loss	133	-
Balance, end of the year	\$ 21,116	\$ (72)
Less: current portion	(2,328)	-
Long-term portion	\$ 18,788	\$ (72)

On February 23, 2024, DIV closed its bought deal public offering of 20,320,500 common shares (the "2024 Bought Deal Offering"), 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 for total gross proceeds of approximately \$54.0 million. On February 26, 2024, DIV used the incremental cash from the net proceeds of the 2024 Bought Deal Offering to pay down in full the remaining \$48.2 million outstanding balance on its senior secured credit facility (the "Acquisition Facility"), held with a Canadian chartered bank, to \$nil.

On June 17, 2025, DIV amended its Acquisition Facility to increase the size from \$50 million to \$70 million and extend the maturity date to May 30, 2027, and thereafter to June 17, 2028, if certain conditions are met.

On June 17, 2025, DIV drew \$13.6 million plus US\$8.0 million on the Acquisition Facility, for a total of \$24.5 million to partially fund the purchase price of the acquisition of the Cheba Hut Rights (note 9(h)), and is interest-only for twelve months and thereafter amortizes over a 60-month period, beginning June 17, 2026.

During the year ended December 31, 2025, DIV made voluntary partial paydowns of US\$1.5 million and \$1.2 million on its Acquisition Facility.

As at December 31, 2025, the US\$6.5 million portion of the combined \$22.0 million total outstanding principal on the Acquisition Facility was translated at the period-end rate of \$1.3724 to US\$1, giving rise to a \$0.1 million foreign exchange loss recorded in the statements of net income. Net of deferred financing fees, the Acquisition Facility is measured at amortized cost with a carrying value of \$21.1 million as at December 31, 2025, of which \$2.3 million is classified as short-term.

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11. Bank loans, net of deferred financing charges (continued):

(b) Term loan facilities and operating lines of credit:

As at December 31, 2025, the Company had the following short and long-term loan facilities:

Term loan facilities	Interest rate ¹	Maturity date	Face value	Carrying value
DIV term loan ²	SOFR + 2.61%	Dec 17, 2026	\$ 6,862	\$ 6,809
ML LP term loan	CORRA + 2.20%	May 8, 2027	84,870	84,684
OX LP term loan	CORRA + 2.25%	May 8, 2027	11,000	10,971
Strat-B LP term loan	SOFR + 2.11%	Nov 15, 2027	20,586	20,532
BARB LP term loan	CORRA + 2.80%	Apr 9, 2028	20,000	19,900
Cheeb LP term loan	SOFR + 2.61%	Jun 17, 2028	6,862	6,844
AM LP term loan	CORRA + 2.80%	Sep 30, 2029	7,200	7,124
SGRS LP term loan	CORRA + 2.80%	Sep 30, 2029	6,300	6,265
MRM LP term loan	CORRA + 3.30%	Dec 15, 2029	10,300	10,234
NNDH LP term loan	Prime + 0.40%	May 15, 2030	10,500	10,407
			\$ 184,480	\$ 183,770
Less: current portion ²				(6,809)
Long-term portion				\$ 176,961

1) All CORRA based loans are inclusive of a CORRA adjustment rate of 0.29547%, which has been included in the credit spread. All SOFR based loans are inclusive of a SOFR adjustment rate of 0.11448%, which has been included in the credit spread.

2) DIV's term loan is classified as short-term as its maturity date is December 17, 2026.

As at December 31, 2025, the Company had the following operating lines of credit:

Operating lines of credit	Interest rate	Maturity date	Maximum available	Available for use
ML LP term loan	CORRA + 2.20%	May 8, 2027	\$ 1,000	\$ 1,000
OX LP term loan	Prime + 0.75%	May 8, 2027	500	500
Strat-B LP term loan	SOFR + 2.11%	Nov 15, 2027	686	686
BARB LP term loan	CORRA + 2.80%	Apr 9, 2028	500	500
Cheeb LP term loan	SOFR + 2.61%	Jun 17, 2028	686	686
AM LP term loan	CORRA + 2.80%	Sep 30, 2029	1,500	1,500
SGRS LP term loan	CORRA + 2.80%	Sep 30, 2029	500	500
MRM LP term loan	CORRA + 3.30%	Dec 15, 2029	500	500
			\$ 5,872	\$ 5,872

On June 17, 2025, to partially fund the purchase price of the Cheba Hut Rights (the "Transaction"), DIV entered into a new senior credit agreement with a Canadian chartered bank that consists of a non-amortizing US\$5.0 million loan with a term of approximately 18 months. As at December 31, 2025, the carrying value of the DIV term loan was translated at the period-end rate of \$1.3724 to US\$1, giving rise to a \$0.1 million foreign exchange loss recorded in the statements of net income.

ML LP has a credit agreement that originally consisted of a non-amortizing \$34.6 million term loan and a \$1.0 million demand operating facility from a Canadian chartered bank. The ML LP term loan and line of credit are secured by the ML Rights and the royalties payable by Mr. Lube + Tires under the Mr. Lube + Tires Licence and Royalty Agreement. On May 8, 2024, ML LP amended its credit facility agreement to extend the maturity date on its term loan to May 8, 2027, increase the term loan facility from \$79.9 million to \$84.9 million, and the interest rate was amended to CORRA + 2.20%.

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11. Bank loans, net of deferred financing charges (continued):

(b) Term loan facilities and operating lines of credit (continued):

AM LP has a credit agreement that originally consisted of a non-amortizing \$17.4 million term loan facility and \$3.0 million demand operating facility. The AM LP term loan and line of credit are secured by the AIR MILES Rights and the royalties payable by Loyalty Inc. under the AIR MILES Licences. On June 23, 2025, AM LP amended its credit facility agreement to extend the maturity date from September 30, 2026 to September 30, 2029, amend the interest rate from CORRA + 2.50% to CORRA + 2.80%, and reduce the demand operating facility to \$1.5 million. During the year ended December 31, 2024, AM LP made partial principal paydowns of \$5.2 million, in aggregate, on its credit facility, reducing the balance to \$8.7 million. During the year ended December 31, 2025, AM LP made partial principal paydowns of \$1.5 million, in aggregate, on its credit facility, reducing the balance to \$7.2 million.

SGRS LP has a credit agreement that consists of a non-amortizing \$6.3 million term loan and a \$0.5 million demand operating facility from a Canadian chartered bank. The SGRS LP term loan and line of credit are secured by the SGRS Rights and the royalties payable by Sutton under the Sutton Licence and Royalty Agreement. On June 23, 2025, SGRS LP amended its credit facility agreement, which consists of a non-amortizing term loan facility and an operating line of credit. The amendment to the SGRS LP credit facility resulted in an increase in the credit spread by 0.25% and an extension of the maturity date from June 30, 2026 to September 30, 2029. On June 23, 2025, the interest rate on the SGRS LP term loan was amended to CORRA + 2.80%.

MRM LP has a credit agreement that consists of a non-amortizing \$10.3 million term loan and a \$0.5 million line of credit. The MRM LP term loan and line of credit are secured by the MRM Rights and the royalties payable by Mr. Mikes under the Mr. Mikes Licence and Royalty Agreement. On December 15, 2025, MRM LP amended its credit facility agreement to extend the maturity date from December 27, 2026 to December 15, 2029.

NNDH LP has a credit agreement that originally consisted of a non-amortizing \$14.5 million term loan. The NNDH LP term loan is secured by the NND Rights and the royalties payable by Nurse Next Door. On March 6, 2025, NNDH LP made a voluntary \$4.0 million partial principal paydown on its credit facility, reducing the outstanding principal balance to \$10.5 million. On May 13, 2025, NNDH LP amended the terms of its credit agreement to extend the maturity date to May 15, 2030, and the interest rate was amended to Prime + 0.4%.

OX LP has a credit agreement that originally consisted of a non-amortizing \$9.0 million term loan and a \$0.5 million line of credit. The OX LP term loan and line of credit are secured by the OX Rights and the royalties payable by Oxford under the Oxford Licence and Royalty Agreement. On May 8, 2024, OX LP amended the terms of its credit agreement to extend the maturity date on its term loan to May 8, 2027, increased the term loan facility from \$9.0 million to \$11.0 million, and the interest rate was amended to CORRA + 2.25%.

Strat-B LP has a credit agreement that consists of a non-amortizing US\$15.0 million term loan and a US\$0.5 million line of credit. The Strat-B LP loan and line of credit are secured by the Stratus Rights and the royalties payable by Stratus under the Stratus Licence and Royalty Agreement.

BarB LP has a credit agreement that originally consisted of a non-amortizing \$10.0 million term loan and a \$0.5 million line of credit. The BarB LP loan and line of credit are secured by the BarBurrito Rights and the royalties payable to BarBurrito under the BarBurrito Licence and Royalty Agreement. On May 8, 2024, the interest rate was amended to CORRA + 2.80%. On April 10, 2025, BarB LP drew an incremental \$10.0 million on its credit facility, increasing the principal to \$20.0 million. The Company subsequently used the proceeds to pay down the \$10.0 million senior term credit facility in DIV, reducing the outstanding balance to \$nil, effectively transferring the \$10.0 million loan from DIV to BarB LP. This amendment also extended the maturity date of the BarB LP term loan from October 4, 2026 to April 9, 2028, and removed any further accordion feature from the credit facility.

On June 17, 2025, to partially fund the Transaction, Cheeb LP entered into a credit agreement with a Canadian chartered bank that consists of a non-amortizing US\$5.0 million term loan and a US\$0.5 million line of credit. The Cheeb LP loan and line of credit are secured by the Cheba Hut Rights and the royalties payable by Cheba Hut under the Cheba Hut Licence and Royalty Agreement.

As at December 31, 2025 and 2024, the Company was in compliance with all financial covenants associated with its term loan facilities and operating lines of credit.

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12. Convertible debentures:

On March 30, 2022, the Company issued convertible unsecured subordinated debentures (“2027 Debentures”) for an aggregate principal amount of \$52.5 million at a price of \$1,000 per debenture. The 2027 Debentures mature on June 30, 2027 and bear interest at an annual rate of 6.00% payable semi-annually in arrears on the last day of December and June in each year. At the holder’s option, the 2027 Debentures may be converted into common shares of the Company at any time prior to the earlier of the last business day immediately preceding June 30, 2027 and the date specified by the Company for redemption. The conversion price will be \$4.05 per common share (the “Conversion Price”), subject to adjustment in certain circumstances.

The 2027 Debentures are not redeemable prior to June 30, 2025, except upon the satisfaction of certain conditions after a change of control has occurred. On and after June 30, 2025 and prior to June 30, 2026, the 2027 Debentures may be redeemed in whole or in part from time to time at DIV’s option, provided that the volume weighted average trading price of the common shares on the TSX during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of the redemption is given is not less than 125% of the Conversion Price.

On or after June 30, 2026 and prior to the maturity date, DIV may, at its option, redeem the 2027 Debentures, in whole or in part, from time to time at par plus accrued and unpaid interest. On redemption or at maturity, the Company will repay the indebtedness of the 2027 Debentures by paying an amount equal to the principal amount of the outstanding debentures, together with accrued and unpaid interest thereon.

The following table reconciles the principal amount of the 2027 Debentures to the carrying value of the liability component:

	December 31, 2025	December 31, 2024
Principal amount - 2027 Debentures	\$ 52,500	\$ 52,500
Equity component	(3,074)	(3,074)
Unamortized deferred financing fees	(797)	(1,284)
Accretion on liability component	2,073	1,464
	\$ 50,702	\$ 49,606

The Company may, at its option, elect to satisfy its obligation to repay the principal amount of the 2027 Debentures, which are to be redeemed or which have matured, by issuing shares to the holders of the convertible debentures. The number of shares to be issued will be determined by dividing \$1,000 of principal amount of the debentures by 95% of the current market price on the maturity date.

On initial recognition, the Company valued the liability component of the 2027 Debentures at \$49.4 million and the equity component at \$3.1 million. In addition, the Company incurred transaction costs of \$2.6 million, of which \$2.4 million was allocated to the liability component and \$0.2 million was allocated to the equity component. The net amount recognized as the equity component of the 2027 Debentures, after deferred taxes of \$0.8 million, was \$2.1 million.

13. Interest rate swaps:

The Company has interest rate swap agreements that entitle the Company to receive interest at floating rates and effectively pay interest at fixed rates for a portion of its term loan facilities.

The interest rate swaps are re-measured at fair value at the end of each reporting period with fair values calculated as the present value of contractual cash flows based on quoted forward curves and discount rates incorporating the applicable yield curve. There was a fair value loss of \$0.6 million on interest rate swaps for the year ended December 31, 2025 (2024 – loss of \$1.7 million).

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13. Interest rate swaps (continued):

The following table summarizes the interest rate swap agreements the Company has entered into as of December 31, 2025:

Term loan facilities	Effective date	Maturity date	Fixed interest rate	Notional amount
AM LP ¹	Jan 30, 2025	Sep 30, 2026	5.94% \$	3,850
BARB LP	Nov 2, 2023	Oct 4, 2026	7.21%	7,500
BARB LP ²	July 2, 2025	Oct 4, 2026	5.45%	7,500
MRM LP	Sept 27, 2024	Dec 29, 2026	6.32%	7,725
ML LP ³	Jan 17, 2025	May 1, 2027	5.14%	3,653
ML LP ⁴	May 1, 2025	May 3, 2027	4.78%	60,000
OX LP ⁵	Jan 17, 2025	May 1, 2027	5.19%	3,750
OX LP ⁶	Apr 28, 2025	May 3, 2027	4.78%	4,500
Strat-B LP	Jan 1, 2023	Nov 15, 2027	5.72%	15,440
CHEEB LP ⁷	Sept 15, 2025	Jun 17, 2028	5.97%	5,147

- 1) On February 24, 2025, AM LP amended its swap agreement of the credit facility to change the notional amount of the swap from \$8.7 million to \$3.9 million. This swap agreement has a fixed rate of 3.44% plus credit spread of 2.5% and will mature on September 30, 2026.
- 2) On July 2, 2025, BarB LP entered into a swap agreement with a Canadian chartered bank to swap an additional \$7.5 million of its \$20.0 million credit facility, increasing the total swapped portion of the facility to \$15.0 million. The swap agreement has a fixed rate of 2.65% plus credit spread of 2.80% and will mature on April 9, 2028.
- 3) On January 17, 2025, ML LP entered into a swap agreement with a Canadian chartered bank to swap \$3.7 million of its \$84.9 million credit facility. The swap agreement has a fixed rate of 2.94% plus credit spread of 2.20% and will mature on May 1, 2027.
- 4) On April 25, 2025, ML LP entered into a swap agreement with a Canadian chartered bank to swap \$60.0 million of its \$84.9 million credit facility. The swap agreement has a fixed rate of 2.58% plus credit spread of 2.20% and will mature on May 3, 2027.
- 5) On January 17, 2025, OX LP entered into a swap agreement with a Canadian chartered bank to swap \$3.8 million of its \$11.0 million credit facility. The swap agreement has a fixed rate of 2.94% plus credit spread of 2.25% and will mature on May 1, 2027.
- 6) On April 16, 2025, OX LP entered into a swap agreement with a Canadian chartered bank to swap \$4.5 million of its \$11.0 million credit facility. The swap agreement has a fixed rate of 2.53% plus credit spread of 2.25% and will mature on May 3, 2027.
- 7) On September 15, 2025, Cheeb LP entered into a swap agreement with a Canadian chartered bank to swap US\$3.75 million of its US\$5.0 million credit facility. The swap agreement has a fixed rate of 3.36% plus credit spread of 2.61% and will mature on June 17, 2028.

14. Exchangeable units and other:

The following table summarizes exchangeable units and other as at December 31, 2025 and December 31, 2024:

Exchangeable units and other	December 31, 2025	December 31, 2024
Mr. Lube + Tires Class B units	\$ 935	\$ -
Mr. Mike's Class B units	660	517
Mr. Mike's Class C units	660	517
BarBurrito minority interest	52	52
Oxford minority interest	33	33
	\$ 2,340	\$ 1,119
Less: current portion	(935)	-
Long-term exchangeable units and other	\$ 1,405	\$ 1,119

(a) ML Units:

The balance as at December 31, 2025 of \$0.9 million (December 31, 2024 - \$nil) in exchangeable units and other relates to 20% consideration payable to Mr. Lube + Tires for the 2025 addition of five net new locations to be paid in shares on May 1, 2026 (refer to note 9(a)).

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14. Exchangeable units and other (continued):

(b) MRM Units:

Mr. Mikes is entitled to receive distributions from MRM LP on the Initial Retained Interest on a pro rata basis with the limited partnership units of MRM LP (the "MRM Units") held by DIV. The MRM Units are recorded as a liability and measured at fair value. The distributions issued by MRM LP to Mr. Mikes are recorded as an expense in the statements of net income. During the year December 31, 2025, MRM LP issued distributions of \$0.2 million (2024 - \$0.1 million) to Mr. Mikes.

The fair value of the MRM Units is determined at the end of each period by multiplying the number of MRM Units held by Mr. Mikes at the end of the period by the closing price of DIV shares on the last business day of the period. As at December 31, 2025, the MRM Units were valued at \$1.3 million (December 31, 2024 - \$1.0 million) based on the DIV closing share price of \$3.72 as at December 31, 2025 (December 31, 2024 - \$2.91), multiplied by the total number of MRM Units of 355,032.

15. Contingent consideration:

The following table summarizes contingent consideration as at December 31, 2025 and December 31, 2024:

	December 31,		December 31,	
	2025		2024	
Barb LP	\$	29,398	\$	29,918
MRM LP		3,558		3,828
		32,956		33,746
Less: current portion - Barb LP		(3,280)		-
Long-term portion	\$	29,676	\$	33,746

Contingent consideration consists of various promissory notes (refer to notes 9(d) and 9(g), respectively). The balances are established with regard to Barb LP and MRM LP and are payable to BarBurrito and Mr. Mikes, respectively, upon eligible new locations added to the respective royalty pools (refer to subsequent events (note 27)). No cash outflows are expected to occur in respect of contingent considerations until certain respective royalty coverage tests are met, at which time there would be an associated increase in royalty revenue. The contingent consideration balances are initially recorded at a fair value and are subsequently measured at amortized cost using the effective interest method.

16. Fair value adjustment on financial instruments:

	Year ended December 31,		Year ended December 31,	
	2025		2024	
Investment in NND royalties LP	\$	4,168	\$	5,269
Final settlement of ML roll-in		64		(1,190)
Interest rate swaps		(621)		(1,693)
MRM LP exchangeable units		(288)		(64)
	\$	3,323	\$	2,322

17. Income taxes:

The income taxes recognized in the statements of net income are as follows:

	Year ended December 31,		Year ended December 31,	
	2025		2024	
Deferred income tax expense	\$	5,596	\$	3,485
Current income tax expense		8,712		7,388
	\$	14,308	\$	10,873

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17. Income taxes (continued):

Income tax expense reported differs from the amount that would be computed by applying the combined federal and provincial statutory income tax rates to income before taxes. The reasons for the difference are as follows:

	Year ended December 31,	
	2025	2024
Income before income taxes	\$ 50,977	\$ 37,492
Combined Canadian federal and provincial rates	27%	27%
Expected tax expense	\$ 13,764	\$ 10,123
Increased by:		
Permanent and other non-deductible differences	668	527
Change in unrecognized deferred tax assets	(124)	223
	\$ 14,308	\$ 10,873

The tax effect of temporary differences that gives rise to the net deferred tax liabilities as at December 31, 2025 and December 31, 2024 are as follows:

	December 31,	December 31,
	2025	2024
Financing and share issuance costs	\$ 560	\$ 866
Convertible debentures	(270)	(435)
Other	(1,775)	(1,713)
Intangible assets	(26,965)	(21,577)
Net deferred income tax liability	\$ (28,450)	\$ (22,859)

The deferred tax liability as at December 31, 2025 is largely associated with the temporary differences on the Company's intangible assets, which have an undepreciated capital cost allowance of approximately \$368.0 million (December 31, 2024 - \$338.7 million). In addition, pursuant to NND LP's limited partnership agreement dated November 15, 2019, its undepreciated capital cost allowance of approximately \$37.9 million at December 31, 2025 (December 31, 2024 - \$39.9 million) is allocated for tax purposes.

Tax attributes are subject to review, and potential adjustment, by competent authority.

18. Share capital:

As at December 31, 2025, the authorized share capital of the Company consists of an unlimited number of common shares.

On February 23, 2024, DIV closed its bought deal public offering of 20,320,500 common shares (the "2024 Bought Deal Offering"), 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 for total gross proceeds of approximately \$54.0 million.

The Company has a dividend reinvestment plan ("DRIP") that allows eligible holders of the Company's common shares to reinvest some or all cash dividends paid in respect of their common shares in additional common shares of the Company. At the Company's election, these additional common shares may be issued from treasury or purchased on the open market.

If the Company elects to issue common shares from treasury, the common shares will be purchased under the DRIP at a 3% discount to the volume weighted average of the closing price for the common shares on the TSX for the five trading days immediately preceding the relevant dividend payment date. The Company may, from time to time, change or eliminate the discount applicable to common shares issued from treasury.

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19. Share-based compensation:

The Company has a long-term incentive plan (the "Plan") available to both employees and non-employees as a form of retention and incentive compensation. Under the Plan, the maximum number of common shares available to be granted, as restricted share units, deferred share units or share options, is 7% of the issued and outstanding common shares of the Company at the time of the grant.

(a) Restricted share units (RSUs):

Under the Plan, the Company can issue RSUs whereby each RSU is equal in value to one common share of the Company and is entitled to dividends that would arise thereon if it was an issued and outstanding common share. The notional dividends are recorded as additional issuance of RSUs during the life of the RSU. Currently, all the outstanding RSUs will be settled in common shares, unless the RSU holder elects to settle the RSUs in cash, in certain instances. The share-based compensation expense for RSUs for the year ended December 31, 2025 was approximately \$0.9 million (2024 - \$1.0 million) for RSUs vested and \$0.4 million (2024 - \$0.2 million) for RSUs settled during the year. There was also a \$0.7 million (2024 - \$0.01 million loss) revaluation gain recorded to stock base compensation expense during the period ended December 31, 2025.

The number of RSUs outstanding as at December 31, 2025 and 2024 are as follows:

	2025		2024	
	Number of RSUs	Weighted average grant-date fair value	Number of RSUs	Weighted average grant-date fair value
Balance, beginning of year	621,693	\$ 2.44	627,482	\$ 2.43
Granted	267,437	2.93	318,176	2.74
Dividends earned	64,202	3.20	75,723	2.83
Settled	(433,679)	3.51	(399,688)	2.74
Balance, end of year	519,653	\$ 1.89	621,693	\$ 2.44

As at December 31, 2025, approximately 69% of the unvested RSU's will vest in 2026, 27% will vest in 2027, and the remainder in 2028.

(b) Deferred share units (DSUs):

Under the Plan, the Company can issue DSUs whereby each DSU is equal in value to one common share of the Company and is entitled to dividends that would arise thereon if it was an issued and outstanding common share. The notional dividends are recorded as additional issuance of DSUs during the life of the DSU. Currently, all the outstanding DSUs will be settled in common shares. DSUs are granted to directors of the Company and are settled in common shares when the individual ceases to be a director of the Company, either voluntarily or involuntarily. DSUs vest in the year that they are granted. The share-based compensation expense for DSUs for the year ended December 31, 2025 was approximately \$0.6 million (2024 - \$0.5 million).

The number of DSUs outstanding as at December 31, 2025 and 2024 are as follows:

	2025		2024	
	Number of DSUs	Weighted average grant-date fair value	Number of DSUs	Weighted average grant-date fair value
Balance, beginning of year	197,341	\$ 2.87	-	\$ -
Granted	221,620	2.89	185,742	2.87
Dividends earned	29,380	3.28	11,599	2.85
Balance, end of year	448,341	\$ 2.90	197,341	\$ 2.87

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19. Share-based compensation (continued):

(c) Share options:

The share-based compensation expense for the year ended December 31, 2025 was approximately \$0.3 million (2024 - \$0.4 million) related to share options vested during the year.

The following table summarizes the changes in the Company's share options during the year ended December 31, 2025:

	2025		2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	4,235,001	\$ 2.78	2,375,001	\$ 2.78
Granted	-	-	2,500,000	2.72
Exercised	(165,154)	2.75	(640,000)	2.52
Expired	(805,958)	2.76	-	-
Balance, end of year	3,263,889	\$ 2.78	4,235,001	\$ 2.78

The following table summarizes information relating to outstanding and exercisable options as at December 31, 2025:

Expiry Date	Exercise Price	Weighted average remaining life (years)	Options outstanding	Options exercisable
January 1, 2027	2.80	1.00	222,223	222,223
January 1, 2028	3.00	2.00	708,333	708,333
January 1, 2029	2.72	3.01	2,333,333	166,667
Balance, December 31, 2025		2.65	3,263,889	1,097,223

The following table summarizes information relating to outstanding and exercisable options as at December 31, 2024:

Expiry Date	Exercise Price	Weighted average remaining life (years)	Options outstanding	Options exercisable
May 6, 2026	\$ 2.52	1.35	151,667	151,667
January 1, 2027	2.80	2.00	791,667	791,667
January 1, 2028	3.00	3.00	791,667	527,778
January 1, 2029	2.72	4.01	2,500,000	166,667
Balance, December 31, 2024		3.35	4,235,001	1,637,779

No stock options were granted in 2025. The weighted average assumptions used in calculating the fair values of options granted in 2024 are as follows:

	2025	2024
Risk free rate	N/A	3.25%
Expected life	N/A	5.0 years
Expected volatility	N/A	32.61%
Forfeiture rate	N/A	Nil
Expected dividends	N/A	9.01%

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20. Income per share:

	Year ended December 31,	
	2025	2024
Income for the year - basic and diluted	\$ 36,669	\$ 26,619
Weighted average number of shares outstanding - basic (thousands)	168,962	162,183
Effective impact of dilutive securities (thousands):		
Share options	539	220
RSUs	646	700
DSUs	448	197
Exchangeable MRM units	355	355
Weighted average number of shares outstanding - diluted (thousands)	170,950	163,655
Income per share		
Basic	\$ 0.22	\$ 0.16
Diluted	\$ 0.21	\$ 0.16

21. Other finance costs, net:

	Year ended December 31,	
	2025	2024
Finance income	\$ 241	\$ 496
Fair value adjustment on contingent consideration	3,908	3,052
Distributions on Exchangeable Units	(262)	(138)
Foreign exchange (loss) gain	(245)	3
Loss on settlement of shares issued	(195)	-
Amortization of deferred financing charges	(889)	(815)
Accretion expense and other	(3,653)	(3,485)
	\$ (1,095)	\$ (887)

22. Financial instruments:

The Company must classify fair value measurements according to a hierarchy that reflects the significance of the inputs used in performing such measurements. The Company's fair value hierarchy comprises the following levels:

- Level 1 – quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – pricing inputs are other than quoted in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – valuations in this level are those with inputs for the asset or liability that are not based on observable data.

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22. Financial instruments (continued):

The carrying value of current financial assets and liabilities approximate their fair value due to their short-term nature. The carrying value of the term loan facilities approximate their fair value as these facilities bear interest at floating market interest rates. The fair value of the term loan facilities is measured using Level 2 inputs. The fair value of the convertible debentures is measured using Level 1 inputs. The fair value of the MRM Units, ML Units, note receivable and the interest rate swap liabilities are measured using Level 2 inputs. The fair value of the investment in NND LP (note 8) is measured using Level 3 inputs.

The following table presents the carrying amounts of each category of financial assets and liabilities as at December 31, 2025:

As at December 31, 2025	Carrying value		Fair value hierarchy		
	FVTPL	Amortized cost	Level 1	Level 2	Level 3
Financial assets:					
Cash	\$ -	\$ 4,609	\$ 4,609	\$ -	\$ -
Royalty and other receivables	-	6,582	-	6,582	-
Interest rate swap assets	189	-	-	189	-
Note receivable	-	1,447	-	1,447	-
Investment in NND LP	39,760	-	-	-	39,760
	\$ 39,949	\$ 12,638	\$ 4,609	\$ 8,218	\$ 39,760
Financial liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 1,958	\$ -	\$ 1,958	\$ -
Long-term accrued liabilities	79	-	79	-	-
Bank loans, net of deferred financing (current and non-current)	-	204,886	-	204,886	-
Contingent consideration (current and non-current)	-	32,956	-	32,956	-
Interest rate swap liabilities	765	-	-	765	-
Lease obligation	-	558	-	558	-
Convertible debentures	-	50,702	50,702	-	-
Exchangeable units and other (current and non-current)	2,340	-	-	2,340	-
	\$ 3,184	\$ 291,060	\$ 50,781	\$ 243,463	\$ -

The following table presents the carrying amounts of each category of financial assets and liabilities as at December 31, 2024:

As at December 31, 2024	Carrying value		Fair value hierarchy		
	FVTPL	Amortized cost	Level 1	Level 2	Level 3
Financial assets:					
Cash	\$ -	\$ 19,692	\$ 19,692	\$ -	\$ -
Royalty and other receivables	-	6,001	-	6,001	-
Interest rate swap assets	194	-	-	194	-
Note receivable	-	1,339	-	1,339	-
Investment in NND LP	40,897	-	-	-	40,897
	\$ 41,091	\$ 27,032	\$ 19,692	\$ 7,534	\$ 40,897
Financial liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 4,128	\$ -	\$ 4,128	\$ -
Long-term accrued liabilities	84	-	84	-	-
Bank loans, net of deferred financing	-	176,479	-	176,479	-
Contingent Consideration	-	33,746	-	33,746	-
Interest rate swap liabilities	146	-	-	146	-
Lease obligation	-	635	-	635	-
Convertible debentures	-	49,606	49,606	-	-
Exchangeable units and other	1,119	-	-	1,119	-
	\$ 1,349	\$ 264,594	\$ 49,690	\$ 216,253	\$ -

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22. Financial instruments (continued):

The following table presents the changes in fair value measurements of the Company's investment in NND LP recognized at fair value at December 31, 2025 and 2024 and classified as Level 3:

	Year ended December 31,	
	2025	2024
Opening balance of Investment in NND LP	\$ 40,897	\$ 40,825
Distribution received	(5,305)	(5,197)
Unrealized fair value gain on Investment in NND LP	4,168	5,269
Balance of Investment in NND LP, end of year	\$ 39,760	\$ 40,897

23. Financial risk management:

The Company has exposure to the following risks from its use of financial instruments: credit risk, market risk, liquidity risk, currency risk and interest rate risk. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors has responsibility for the oversight of the Company's risk management framework. The Board of Directors has mandated the Audit Committee to review how management monitors compliance of the Company's risk management policies and procedures and review the adequacy of the risk management policies and procedures.

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk is associated with the Company's cash, royalties and management fees receivable, amounts receivable and investment in NND LP.

Credit risk on the Company's cash are mitigated by holding these amounts with a Canadian chartered bank of high creditworthiness. Credit risk on the royalties and management fees receivable and the investment in NND LP is monitored through regular review of the operating and financing activities of the Company's Royalty Partners. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at December 31, 2025 and 2024 were as follows:

	2025	2024
Cash	\$ 4,609	\$ 19,692
Royalty and other receivables	6,582	6,001
Note receivable	1,447	1,339
Investment in NND LP	39,760	40,897
	\$ 52,398	\$ 67,929

The aging of royalties and management fees receivable, as well as amounts receivable at December 31, 2025 and 2024 were as follows:

	2025	2024
Within 30 days	\$ 6,582	\$ 6,001
	\$ 6,582	\$ 6,001

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23. Financial risk management (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity risk is to monitor consolidated cash flow to ensure that there will always be sufficient liquidity to meet liabilities when due. In addition, the Company manages its liquidity risk by preparing rolling cash flow forecasts, taking into consideration various scenarios and assumptions, monitoring the business operations of its royalty partners, and monitoring compliance with the terms of financing arrangements.

As at December 31, 2025, the Company had a cash balance of \$4.6 million (2024 - \$19.7 million) and deficit working capital of \$5.5 million (2024 - working capital of \$20.2 million).

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flow	2026	2027	2028	2029	Thereafter
Accounts payable and accrued liabilities	\$ 1,958	\$ 1,958	\$ 1,958	\$ -	\$ -	\$ -	\$ -
Contingent consideration	29,676	40,952	3,302	11,666	12,873	13,111	-
Lease obligation	558	653	115	117	120	123	178
Long-term bank loans	183,770	205,292	17,099	122,825	29,236	25,445	10,687
Acquisition Facility	21,116	21,309	2,328	18,981	-	-	-
2027 Convertible debentures	50,702	57,225	3,150	54,075	-	-	-
Total contractual obligations	\$ 287,780	\$ 327,389	\$ 27,952	\$ 207,664	\$ 42,229	\$ 38,679	\$ 10,865

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(c) Currency risk:

Currency risk is the risk that the fair value of future cash flows will fluctuate due to changes in foreign exchange rates.

DIV's exposure to foreign currency risk as at December 31, 2025 and 2024 is outlined in the table below:

Expressed in thousands of US dollars	2025	2024
Cash and cash equivalents	\$ 1,099	\$ 34
Foreign currency exposure to DIV	\$ 1,099	\$ 34

A 10% strengthening and weakening of the US dollar against the Canadian dollar would have increased and decreased net income by a nominal amount as at December 31, 2025 and 2024.

Strat-B and Cheeb's exposure to foreign currency risk as at December 31, 2025 and 2024 is outlined in the table below:

Expressed in thousands of Canadian dollars	2025	2024
Cash and cash equivalents - Strat-B LP	\$ 16	\$ 14
Cash and cash equivalents - Cheeb LP	21	-
Foreign currency exposure to Strat-B and Cheeb LP	\$ 37	\$ 14

Expressed in thousands of Canadian dollars	2025	2024
Accounts payable and accrued liabilities - Strat-B LP	\$ 7	\$ 5
Accounts payable and accrued liabilities - Cheeb LP	14	-
Foreign currency exposure to Strat-B and Cheeb LP	\$ 21	\$ 5

A 10% strengthening and weakening of the Canadian dollar against the US dollar would have increased and decreased net income by a nominal amount as at December 31, 2025 and 2024.

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23. Financial risk management (continued):

(d) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has bank loans that are subject to floating interest rates. As at December 31, 2025, the interest rate related to bank loans is mitigated by interest rate swap arrangements on \$119.1 million of \$184.5 million of the Company's term loan facilities (2024 - \$104.6 million of \$177.2 million of the Company's term loan facilities). Of the \$205.8 million in total bank loan facilities as at December 31, 2025, \$21.3 million related to the Acquisition Facility. Of the \$177.2 million in total bank loan facilities as at December 31, 2024, \$nil related to the Acquisition Facility. Based on the balance outstanding on December 31, 2025, a one percentage point increase (decrease) in the interest rate would increase (decrease) interest expense by \$0.8 million (2024 - \$0.5 million).

The Company has a note receivable that is subject to floating interest rates. As at December 31, 2025, the Company had a note receivable with an outstanding balance of \$1.8 million. Based on the balance outstanding on December 31, 2025, a one percentage point increase in the interest rate would increase (decrease) interest receivable by a nominal amount.

The investment in NND LP is a financial asset measured at fair value, which will partially fluctuate due to changes in the risk-free rate in addition to other factors including changes in the risk-premium and cash distributions received by the Company from NND LP.

(e) Capital management:

The Company's objective is to maintain a strong capital base to maintain investor, creditor and market confidence and to develop the business.

Management defines capital as the Company's total shareholders' equity, Acquisition Facility, term loan facilities and convertible debentures. The Board of Directors does not establish quantitative return on capital criteria for management. The Board of Directors review the capital structure on a quarterly basis.

In order to maintain or adjust the capital structure, the Company may issue new shares, warrants, or debt, draw on its operating line of credit, purchase shares for cancellation pursuant to normal course issuer bids, temporarily suspend the DRIP, reduce the monthly dividend or reduce debt.

24. Related party transactions:

In addition to information disclosed elsewhere in these consolidated financial statements, the Company had the following related party transactions during the years ended December 31, 2025 and 2024:

Key management personnel

Key management personnel of the Company include Members of the Board of Directors, the CEO, and the President and CFO. The table below provides a breakdown of the compensation of key management personnel included in net income:

	Year ended December 31,	
	2025	2024
Short-term benefits	\$ 2,227	\$ 2,321
Share-based compensation	1,597	2,150
	<u>\$ 3,824</u>	<u>\$ 4,471</u>

MCM Agreement

In May 2021, DIV entered into a services agreement and cost sharing agreement with Maxam Capital Management Ltd. ("MCM"), an entity in respect of which Mr. Morrison (Chief Executive Officer of DIV) is a director, and is a minority shareholder, through which DIV provides certain office space and certain administrative services to MCM (the "MCM Agreements"). The transactions under the MCM Agreements are not material to DIV.

The above transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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25. Supplemental cash flow information:

The following table reconciles the movements in liabilities to cash flows arising from financing activities for the year ended December 31, 2025:

	Promissory notes (note 9(d),(g))	Acquisition Facility (note 11(a))	Bank loans (note 11(b))	Convertible debentures (note 12)	Lease obligations	Total
Balance, December 31, 2024	\$ 33,746	\$ (49)	\$ 176,529	\$ 49,606	\$ 635	\$ 260,467
Changes from financing cash flows:						
Proceeds from issuance of debt, net of fees	-	24,248	13,504	-	-	37,752
Repayment of debt	-	(3,284)	(5,500)	-	-	(8,785)
Payment of lease obligation	-	-	-	-	(112)	(112)
Liability-related other changes:						
Amortization of deferred financing charges	-	94	308	487	-	889
BARB LP contingent consideration	-	-	-	-	-	-
Accretion expense	(790)	-	-	609	35	(147)
Foreign exchange	-	(135)	(829)	-	-	(965)
Equity component of convertible debentures	-	-	-	-	-	-
Balance, December 31, 2025	\$ 32,956	\$ 20,874	\$ 184,012	\$ 50,702	\$ 558	\$ 289,100

The following table reconciles the movements in liabilities to cash flows arising from financing activities for the year ended December 31, 2024:

	Promissory notes (note 9(d),(g))	Acquisition Facility (note 11(a))	Bank loans (note 11(b))	Convertible debentures (note 12)	Lease obligations	Total
Balance, December 31, 2023	\$ 33,763	\$ 48,968	\$ 173,142	\$ 48,586	\$ 706	\$ 305,165
Changes from financing cash flows:						
Proceeds from issuance of debt, net of fees	-	-	6,707	-	-	6,707
Repayment of debt	-	(49,091)	(5,254)	-	-	(54,345)
Payment of lease obligation	-	-	-	-	(110)	(110)
Liability-related other changes:						
Amortization of deferred financing charges	-	74	287	454	-	815
BARB LP promissory note	-	-	-	-	-	-
Accretion expense	(17)	-	-	566	39	588
Foreign exchange	-	-	1,647	-	-	1,647
Equity component of convertible debentures	-	-	-	-	-	-
Balance, December 31, 2024	\$ 33,746	\$ (49)	\$ 176,529	\$ 49,606	\$ 635	\$ 260,467

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26. Segment reporting:

The Company has only one business segment that relates to the acquisition of royalties. The following table summarizes the Company's one business segment, separated by geographic region from which royalty income is generated:

	Canada	United States	Total
For the year ended December 31, 2025:			
Royalty income	\$ 57,858	\$ 12,316	\$ 70,174
Management fees	613	-	613
Interest expense on credit facilities	12,362	1,389	13,752
As at December 31, 2025:			
Non-current assets	468,366	132,478	600,844
Total assets	477,639	134,613	612,252
Non-current liabilities	279,415	27,374	306,789
Total liabilities	296,014	27,644	323,658

27. Subsequent events:

(a) AM Royalties LP amendment agreement:

On January 26, 2026, AM Royalties LP entered into an amendment agreement (the "Amendment") with Loyalty Inc. and the Bank of Montreal to amend the terms of the AIR MILES® Licences pursuant to which the AIR MILES® Rights are licensed to Air Miles. The terms of AIR MILES® Licences have been amended to provide a 10-year, fixed annual royalty payment of \$3.9 million paid quarterly. The fixed royalty is effective February 1, 2026. The fixed royalty will grow at a rate of 2.42% per annum commencing February 1, 2027, and each February 1st thereafter during the term of the Amendment.

(b) Convertible Unsecured Subordinated Debentures and subsequent over-allotment:

On February 9, 2026, the Company issued \$60 million aggregate principal amount of 5.75% convertible unsecured subordinated debentures (the "2031 Debentures"), at a price of \$1,000 per debenture. The 2031 Debentures mature on March 31, 2031 and bear interest at an annual rate of 5.75% payable semi-annually in arrears on the last day of March and September in each year. At the holder's option, the 2031 Debentures may be converted into common shares of the Company at any time prior to the earlier of the last business day immediately preceding March 31, 2031 and the date specified by the Company for redemption. The conversion price will be \$5.35 per common share, subject to adjustment in certain circumstances.

The 2031 Debentures are not redeemable prior to March 31, 2029, except upon the satisfaction of certain conditions after a change of control has occurred. On and after March 31, 2029 and prior to March 31, 2030, the Debentures may be redeemed in whole or in part from time to time at DIV's option, provided that the volume weighted average trading price of the common shares on the Toronto Stock Exchange during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of the redemption is given is not less than 125% of the conversion price.

On or after March 31, 2031 and prior to the maturity date, DIV may, at its option, redeem the 2031 Debentures, in whole or in part, from time to time at par plus accrued and unpaid interest. On redemption or at maturity, the Company will repay the indebtedness of the 2031 Debentures by paying an amount equal to the principal amount of the outstanding debentures, together with accrued and unpaid interest thereon.

The Company may, at its option, elect to satisfy its obligation to repay the principal amount of the 2031 Debentures, which are to be redeemed or which have matured, by issuing shares to the holders of the convertible debentures, subject to regulatory approval. The number of shares to be issued will be determined by dividing the principal amount of the 2031 Debentures by 95% of the current market price on the maturity date or redemption date, as applicable.

On February 12, 2026, the Company issued an additional \$9.0 million aggregate principal amount of 2031 Debentures upon the exercise by the underwriters of the over-allotment option in full.

(c) DIV full paydown of Acquisition Facility:

On February 17, 2026, DIV made voluntary payments of US\$6.5 million and \$12.4 million on the outstanding US and Canadian dollar portions of its Acquisition Facility, respectively, reducing those outstanding balances to nil.

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27. Subsequent events (continued):

(d) BarBurrito royalty pool additions:

On March 1, 2026, the BarBurrito Royalty Pool was adjusted to add nine eligible BarBurrito restaurants to the BarBurrito Royalty Pool (the "2026 BarBurrito Adjustment"). The 2026 BarBurrito Adjustment will result in an increase of \$32,708 (\$392,496 annualized) to the monthly royalty payment payable by BarBurrito to BarB LP commencing with the royalty payment in respect of the month of March 2026. The consideration paid by BarB LP to BarBurrito for the incremental royalty revenue was \$3.3 million, which resulted in a corresponding reduction in the BarB LP Prom Note.