Diversified Royalty Corp. Announces Second Quarter 2026 Results

Vancouver, BC, August 12, 2026 – Diversified Royalty Corp. (TSX: DIV, DIV.DB.A and DIV.DB.B) (the "Corporation" or "DIV") is pleased to announce its financial results for the three months ended June 30, 2026 ("Q2 2026") and six months ended June 30, 2026.

Highlights

- The weighted average organic royalty growth[1] of DIV's diversified royalty portfolio was 2.3% in Q2 2026 and 2.7% for the six months ended June 30, 2026, compared to 7.2% for the three months ended June 30, 2025 ("Q2 2025") and 5.8% for the six months ended June 30, 2025. The weighted average organic royalty growth[1] on a consistent currency basis was 2.3% in Q2 2026 and 3.0% for the six months ended June 30, 2026, compared to 6.2% in Q2 2025 and 5.2% for the six months ended June 30, 2025.
- Revenue was $21.7 million in Q2 2026 and $39.2 million for the six months ended June 30, 2026, up 21.5% and 17.0%, respectively, compared to the same periods in 2025.
- Adjusted royalty partner revenue[1] was $19.5 million in Q2 2026 and $38.3 million for the six months ended June 30, 2026, up 1.6% and 6.0%, respectively, compared to the same periods in 2025.
- Combined contribution[1] was $21.7 million in Q2 2026 and $40.6 million for the six months ended June 30, 2026, up 13.2% and 12.2%, respectively, compared to the same periods in 2025.
- Distributable cash[1] was $13.1 million in Q2 2026 and $25.1 million for the six months ended June 30, 2026, up 4.8% and 7.4%, respectively, compared to the same periods in 2025.
- Payout ratio[1] was 93.7% in Q2 2026 based on dividends of $0.0711 per share for the quarter ($0.2850 per share annualized), compared to 84.7% in Q2 2025 based on dividends of $0.0625 per share for the comparable quarter ($0.2500 per share annualized), and 97.2% for the six months ended June 30, 2026 based on dividends of $0.1423 per share for the period ($0.2850 per share annualized), compared to 89.9% based on dividends of $0.1250 per share for the comparable 2025 period ($0.2500 per share annualized).
- On April 1, 2026, DIV purchased a US$0.9 million annualized incremental royalty from Cheba Hut for US$7.2 million.
- On June 16, 2026, DIV closed its previously announced acquisition of the Mr. Lube + Tires franchisor business (the "Acquisition") for a purchase price of $227.9 million (subject to customary post-closing adjustments and the assumption of certain liabilities).

Subsequent Events

- On July 6, 2026, DIV closed its previously announced bought deal public offering of 12,339,500 common shares, including 1,609,500 common shares issued pursuant to the full exercise of the over-allotment option, at a price of $4.66 per common share for total gross proceeds of approximately $57.5 million (the "Equity Offering").
- On July 7, 2026, DIV used partial net proceeds from the Equity Offering to make a full $38.5 million principal paydown on its Acquisition Facility, reducing the principal balance to nil. DIV had previously drawn on the Acquisition Facility to partially fund the Acquisition.

Second Quarter Commentary

Sean Morrison, Chief Executive Officer of DIV stated, "We're pleased to have closed the Mr. Lube + Tires acquisition and look forward to partnering with its management on continuing its strong adjusted EBITDA growth. Same-store sales growth for Mr. Lube + Tires came in at 1.2% in Q2 2026, and the business remains on pace to deliver the previously disclosed estimate of $58.7 million in adjusted EBITDA contribution to DIV over the twelve months, post-close. Oxford posted same-store sales growth of 2.9%, Mr. Mikes' same-store sales growth and royalty was essentially unchanged and Sutton's royalty declined following our decision to accrue the royalty based on the proposed new variable royalty structure. Meanwhile, our fixed-royalty partners — AIR MILES, Nurse Next Door, Stratus, BarBurrito, and Cheba Hut — all met their fixed royalty obligations."

1. Adjust royalty partner revenue, adjusted royalty income, adjusted royalty partner revenue, combined contribution and distributable cash are non-IFRS financial measures, payout ratio is a non-IFRS ratio and weighted average organic royalty growth and Same-store-sales growth or SSSG are supplementary financial measures – see "Non-IFRS Measures" below.

Second Quarter Results

(000's)	Three months ended June 30, 2026	2025	Six months ended June 30, 2026	2025
Mr. Lube LP[a]	$ 7,605	$ 9,060	$ 15,083	$ 16,241
Stratus[b]	2,410	2,293	4,799	4,674
BarBurrito	2,369	2,184	4,616	4,313
Nurse Next Door[c]	1,377	1,350	2,753	2,699
Cheba Hut[d]	1,754	214	3,124	214
Oxford	1,302	1,283	2,571	2,532
Mr. Mikes	1,013	1,076	2,028	2,101
AIR MILES®	982	818	1,904	1,574
Sutton[e]	667	899	1,438	1,797
Adjusted royalty partner revenue[f]	$ 19,479	$ 19,177	$ 38,316	$ 36,145
Add: Mr. Lube + Tires Adjusted EBITDA[f]	2,239	-	2,239	-
Combined contribution[f]	$ 21,718	$ 19,177	$ 40,555	$ 36,145

a) Mr. Lube LP royalty income for the periods from April 1 to June 15, 2026 and January 1 to June 15, 2026.
b) Stratus adjusted revenue for the three and six months ended June 30, 2026 was US$1.7 million and US$3.5 million, respectively, translated at an average foreign exchange rate of $1.3843 and $1.3779 to US$1, respectively (three and six months ended June 30, 2025 - US$1.7 million and US$3.3 million, respectively, translated at an average foreign exchange rate of $1.3839 to US$1 and $1.4091 to US$1, respectively).
c) Represents the DIV Royalty Entitlement plus management fees received from Nurse Next Door.
d) Cheba Hut adjusted revenue for the three and six months ended June 30, 2026 was US$1.3 million and US$2.3 million, respectively, translated at an average foreign exchange rate of $1.3843 and $1.3779 to US$1, respectively (both three and six months ended June 30, 2025 - US$156 thousand, translated at an average foreign exchange rate of $1.3694 to US$1 from closing of the Cheba Hut Acquisition to the end of the quarter).
e) Refer to the section "Sutton" below. Management fees from Sutton are not subject to royalty relief or deferral.
f) DIV Royalty Entitlement, adjusted royalty partner revenue, Mr. Lube + tires adjusted EBITDA and combined contribution are non-IFRS financial measures and as such, do not have standardized meanings under IFRS. For additional information, refer to "Non-IFRS Measures" in this news release.

In Q2 2026, DIV generated $21.7 million of revenue compared to $17.8 million in Q2 2025. After taking into account the DIV Royalty Entitlement[2] (defined below) related to DIV's royalty arrangements with Nurse Next Door, DIV management fees, and Mr. Lube + Tires adjusted EBITDA[2], DIV's combined contribution[2] was $21.7 million in Q2 2026, compared to $19.2 million in Q2 2025. Combined contribution[2] increased primarily due to the incremental Mr. Lube + Tires adjusted EBITDA[2], Oxford's positive SSSG[2], the annual contractual increases at Stratus, Nurse Next Door and BarBurrito, the new fixed higher AIR MILES® royalty effective February 1, 2026, incremental royalty revenue from the 9 new BarBurrito locations added to the BarBurrito royalty pool on March 1, 2026, and the contractual royalty increase from Cheba Hut plus the Incremental Cheba Hut Royalty (defined below), both effective April 1, 2026, partially offset by lower royalty income from Mr. Mikes and Sutton, all as discussed in further detail below.

2. Combined contribution, Mr. Lube + tires adjusted EBITDA and DIV Royalty Entitlement are non-IFRS financial measures and SSSG is a supplementary financial measure – see "Non-IFRS Measures" below.

Mr. Lube + Tires Franchisor Business Update

Mr. Lube + Tires Franchisor Business: Mr. Lube + Tires franchisor business had positive SSSG[3] of the locations in the entire system of 1.2% for Q2 2026, compared to SSSG[3] of 12.4% in the comparative period in 2025. The lower growth rate was largely driven by ongoing economic uncertainty, combined with inflationary pressures on gas and other inputs to operate a vehicle. Mr. Lube + Tires adjusted EBITDA[3] contribution to DIV is $2.2 million in Q2 2026. There are no comparative period results given the Acquisition closed June 16, 2026.

3. Same-store-sales growth or SSSG ais a supplementary financial measures and Mr. Lube + tires adjusted EBITDA is a non-IFRS financial measures – see "Non-IFRS Measures" below.

Royalty Partner Business Updates

Mr. Lube Canada Limited Partnership ("Mr. Lube LP"): Royalty income generated from Mr. Lube LP was $7.6 million for the period from April 1, 2026 up to and including June 15, 2026 and 9.0 million in Q2 2025.

Stratus: Royalty income from SBS Franchising LLC ("Stratus") was $2.4 million (US$1.7 million translated at an average foreign exchange rate of $1.3843 to US$1.00) for Q2 2026. The fixed royalty payable by Stratus increases each November at a rate of

5% until and including November 2026 and 4% each November thereafter during the term of the license, with the most recent increase effective November 15, 2025.

Nurse Next Door: The royalty entitlement to DIV (the “DIV Royalty Entitlement[4]”) from Nurse Next Door Professional Homecare Services Inc. (“Nurse Next Door”) was $1.4 million in Q2 2026. The DIV Royalty Entitlement from Nurse Next Door grows at a fixed rate of 2.0% per annum during the term of the license, with the most recent increase effective October 1, 2025.

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

Mr. Mikes: SSSG[5] for Mr. Mikes Restaurants Corporation (“Mr. Mikes”) restaurants in the Mr. Mikes royalty pool was flat in Q2 2026, compared to SSSG of -0.5% in Q2 2025. In Q2, 2026, royalty income from Mr. Mikes was $1.0 million compared to $1.1 million for Q2 2025. The Q2 2026 results were slightly down due to two recent store closures in the six-month period ended June 30, 2026.

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

Oxford: The Oxford Learning Centres, Inc. (“Oxford”) locations in the Oxford royalty pool generated SSSG[6] (on a constant currency basis) of 2.9% in Q2 2026 (after the impact of foreign currency translation, SSSG was 2.9%), compared to SSSG of 6.5% in Q2 2025 (on a constant currency basis). Royalty income from Oxford was $1.3 million, respectively for both Q2 2026 and 2025. Oxford’s positive SSSG for the quarter is due to the consistent positive performance of the Oxford system during the quarter.

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

AIR MILES®: In Q2 2026, royalty income of $1.0 million was generated from the AIR MILES® Licenses compared to $0.8 million generated in Q2 2025, an increase of 25%. The increase is largely due to the AIR MILES Amendment effective February 1, 2026, compared to royalty income based on gross billings for the three months ended June 30, 2025.

Sutton: The Company and SGRS LP are currently in non-binding discussions with Sutton with respect to potential amendments to the royalty arrangements between the parties to replace the current fixed royalty payments with variable royalty payments. DIV expects the revised royalty arrangements with Sutton to be entered into before the end of Q3 2026, subject to the finalization of legal documents and lender consent. The revised royalty arrangements, if entered into, are expected to be retroactive to May 1, 2026, and in connection therewith the current royalty relief agreement with Sutton (the “Sutton Royalty Relief Agreement”) would also be terminated retroactively as of May 1, 2026. Given these expectations, DIV has accrued royalty income from Sutton for Q2 2026 for the period (i) from April 1, 2026 to April 30, 2026, based on the current fixed royalty net of the agreed 33% royalty relief and certain other adjustments, and (ii) from May 1, 2026 to June 30, 2026 on the basis of the proposed variable royalty arrangements with Sutton. Under the proposed variable royalty arrangements, Sutton would pay SGRS LP a variable royalty based on a baseline amount in May 2026 which then moves up or down depending on amounts collected from paying Sutton agents (the “Sutton Variable Royalty”). If the amended royalty arrangements for the Sutton Variable Royalty are not entered into, Sutton may require additional royalty relief. As at June 30, 2026, DIV recorded a non-cash impairment charge in the amount of $7.2 million to intangible assets related to SGRS Rights based on estimated associated future cash flows from Sutton, which cash flow estimates are based on the proposed Sutton Variable Royalty.

In Q2 2026, royalty income was $0.6 million compared to $0.9 million in Q2 2025, which reflects the contractual 2% annual increase effective July 1, 2025 and is net of a 20% royalty deferral (which deferral was subsequently forgiven under the Sutton Royalty Relief Agreement).

BarBurrito: Royalty income from BarBurrito Restaurants Inc. (“BarBurrito”) was $2.3 million for Q2 2026. The royalty payable by BarBurrito initially grows at a fixed rate of 4% per annum each March up to and including March 2030 and, commencing on January 1, 2031, will fluctuate based on the gross sales of the BarBurrito locations in the royalty pool.

On March 1, 2026, the BarBurrito royalty pool was adjusted to add nine eligible BarBurrito restaurants to the BarBurrito royalty pool, which resulted in an increase of $32,708 ($392,496 annualized) to the monthly royalty payment payable by BarBurrito to DIV effective March 1, 2026.

Cheba Hut: Royalty income from Cheba Hut Franchising, Inc. (“Cheba Hut”) was $1.8 million for Q2 2026 (US$1.3 million translated at an average foreign exchange rate of 1.3843 to US$1.00). The fixed royalty payable by Cheba Hut 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%.

On April 1, 2026, DIV purchased a US$0.9 million annualized incremental royalty from Cheba Hut for US$7.2 million (the “Incremental Cheba Hut Royalty”). The Incremental Cheba Hut Royalty is effective April 1, 2026.

Distributable Cash and Dividends Declared

In Q2 2026, distributable cash[7] increased to $13.1 million ($0.0758 per share), compared to $12.5 million ($0.0738 per share), in Q2 2025. The increase in increase distributable cash per share[7] for the quarter was primarily due to an increase in distributable cash, partially offset by a higher weighted average number of common shares outstanding[7]. The increase in distributable cash was primarily due to higher adjusted royalty partner revenue and incremental Mr. Lube + Tires adjusted EBITDA, partially offset by higher interest expense, professional fees, general and administrative expenses, and salaries and benefits.

In Q2 2026, the payout ratio[7] was 93.7% on dividends of $0.0711 per share, compared to the payout ratio of 84.7% on dividends of $0.0625 per share for the same respective period in 2025. The higher payout ratio was primarily due to higher dividends declared per share, partially offset by higher distributable cash per share.

7. Distributable cash is a non-IFRS financial measure and distributable cash per share and payout ratio are non-IFRS ratios – see "Non-IFRS Measures" below.

Net Income

Net income for Q2 2026 was $3.1 million compared to net income of $9.0 million for the three months ended June 30, 2025. The decrease in net income in Q2 2026 was primarily due to the higher general and administrative expenses, interest expenses, share-based compensation expenses, salaries expense and impairment loss due to the 10-year, fixed royalty payment period of the AIR MILES Amendment compared to the prior perpetual royalty structure, which is paid quarterly, and an impairment charge in the amount of $7.2 million to intangible assets related to SGRS Rights based on estimated associated future cash flows from Sutton, which cash flow estimates are based on the proposed Sutton Variable Royalty, partially offset by higher adjusted combined contribution[8], fair value adjustments on financial instruments and lower other finance costs.

8. Combined contribution is a non-IFRS financial measure – see "Non-IFRS Measures" below.

<u>About Diversified Royalty Corp.</u>

DIV is a multi-royalty corporation, engaged in the business of acquiring top-line royalties from well-managed multi-location businesses and franchisors in North America. DIV's objective is to acquire predictable, growing royalty streams from a diverse group of multi-location businesses and franchisors. DIV, through its subsidiary, Mr. Lube Canada Ltd., also operates the Mr. Lube + Tires franchisor business in Canada. Mr. Lube + Tires is the leading Canadian automotive service chain specializing in fast, drive-in and drive-through, no-appointment-needed vehicle maintenance.

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

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

<u>Forward-Looking Statements</u>

Certain statements contained in this news release may constitute "forward-looking information" or "financial outlook" within the meaning of applicable securities laws that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and financial outlook. The use of any of the words "anticipate", "continue", "estimate", "expect", "intend", "may", "will", "project", "should", "believe", "confident", "plan" and "intend" and similar expressions are intended to identify forward-looking information and financial outlook, although not all forward-looking information and financial outlook contain these identifying words. Specifically, forward-looking information and financial outlook in this news release includes, but is not limited to, statements made in relation to: DIV looking forward to partnering with Mr. Lube + Tires management to continue its strong profit growth; Mr. Lube + Tires remaining on pace to deliver the previously disclosed estimate of $58.7 million in adjusted EBITDA contribution to DIV over the twelve months post-close of the Acquisition; DIV's expectation that it will enter into the proposed Sutton Variable Royalty by the end of Q3 2026, subject to the finalization of *legal documents and lender consent, and the estimated financial impacts thereof to DIV; the expected incremental royalty revenue from the addition of nine BarBurrito locations to the BarBurrito royalty pool on March 1, 2026; the expected incremental royalty revenue from the Incremental Cheba Hut Royalty; DIV's intention to pay monthly dividends to shareholders; and DIV's corporate objectives. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events, performance, or achievements of DIV to differ materially from those anticipated or implied by such forward-looking information and financial outlook. DIV believes that the expectations reflected in the forward-looking information and financial outlook included in this news release are reasonable but no assurance can be given that these expectations will prove to be correct. In particular, risks and uncertainties include: DIV's royalty partners may not make their respective royalty payments to DIV, in whole or in part; current positive trends being experienced by certain of DIV's royalty partners (and their respective franchisees) may not continue and may regress, and current negative trends experienced by certain of DIV's royalty partners (including their respective franchisees) may continue and may regress; DIV's, its royalty partners' and Mr. Lube + Tires' performance may not meet management's expectations; DIV may not be able to make monthly dividend payments to the holders of its common shares; Sutton's investment of the forgiven royalties may not achieve their intended effects; DIV may not enter into the proposed Sutton Variable Royalty on the terms, or in accordance with the timing, currently contemplated, or at all and may not be successful in obtaining lender consent for the Sutton Variable Royalty; Sutton may require further royalty relief beyond that contemplated by the current relief agreement and the Sutton Variable Royalty; the anticipated benefits of the Acquisition to DIV may be less than anticipated, may not occur on a timely basis or at all; Mr. Lube + Tires may not be successful in executing its business strategies and pursing its growth opportunities; Mr. Lube + Tires new store openings may not be consistent with budgets and projections; Mr. Lube + Tires' franchisees may not continue to generate positive SSSG at estimated levels or at all; Mr. Lube + Tires may not generate adjusted EBITDA consistent with DIV's estimates; dividends are not guaranteed and may be reduced, suspended or terminated at any time; and DIV may not achieve any of its corporate objectives. Given these uncertainties, readers are cautioned that forward-looking information and financial outlook included in this news release are not guarantees of future performance, and such forward-looking information and financial outlook should not be unduly relied upon. More information about the risks and uncertainties affecting DIV's business and the businesses of its royalty partners can be found in the "Risk Factors" section of its Annual Information Form dated March 19, 2026 and in DIV's management's discussion and analysis for the three and six months ended June 30, 2026, copies of which are available under DIV's profile on SEDAR+ at www.sedarplus.ca.*

In formulating the forward-looking information and financial outlook contained herein, management has assumed that: the Sutton Variable Royalty will be entered into on the terms currently contemplated and in accordance the timing currently contemplated and SGRS LP will obtain the consent of its lender for the Sutton Variable Royalty; Mr. Lube + Tires will be successful in executing its business strategies and pursing its growth opportunities; Mr. Lube + Tires new store openings will be consistent with budgets and projections; Mr. Lube + Tires' franchisees will continue to generate positive SSSG; there are no material changes in competition or regulation impacting the Mr. Lube + Tires franchisor business; DIV will generate sufficient cash flows from its royalties and Mr. Lube + Tires to service its debt and pay dividends to shareholders; lenders will provide any necessary waivers required in order to allow DIV to continue to pay dividends; lenders will provide any other necessary covenant waivers to DIV, its royalty partners and Mr. Lube + Tires; the performance of Mr. Lube + Tires and DIV's royalty partners will be consistent with DIV's and its royalty partners' respective expectations; recent positive trends for certain of DIV's royalty partners (including their respective franchisees) will continue and not regress; current negative trends experienced by certain of DIV's royalty partners (including their respective franchisees) will not materially regress; Sutton will not require further royalty relief; Sutton's investment of the forgiven royalties will achieve its intended effects; DIV's, Mr. Lube + Tires' and DIV's royalty partners' respective businesses will not suffer any material adverse effect; and the business and economic conditions affecting DIV, Mr. Lube + Tires and DIV's royalty partners will continue substantially in the ordinary course, including without limitation with respect to general industry conditions, general levels of economic activity and regulations. These assumptions, although considered reasonable by management at the time of preparation, may prove to be incorrect.

To the extent any forward-looking information in this news release constitutes a "financial outlook" within the meaning of applicable securities laws, such information is being disclosed to provide investors with additional information with respect to: the estimated financial impact to DIV of the Acquisition; the estimated incremental royalty revenue from the adjustment to the BarBurrito royalty pool; the estimated incremental royalty revenue from the Incremental Cheba Hut Royalty; and the potential financial impact to DIV of the proposed Sutton Variable Royalty. Management of DIV approved the financial outlook as of the date of this news release.

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

Non-IFRS Measures

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

"Adjusted royalty income", "adjusted royalty partner revenue", "combined contribution", "Mr. Lube + Tires adjusted EBITDA", "DIV Royalty Entitlement" and "distributable cash" are used as non-IFRS financial measures in this news release.

Combined contribution is calculated as royalty income plus DIV Royalty Entitlement and management fees and adjusted Mr. Lube + Tires EBITDA. The following table reconciles combined contribution, adjusted royalty income and adjusted royalty partner revenue to royalty income, the most directly comparable IFRS measure disclosed in the financial statements:

(000's)	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Mr. Lube LP	$ 7,565	$ 9,001	$ 14,982	$ 16,121
Stratus	2,410	2,294	4,799	4,674
BarBurrito	2,348	2,163	4,573	4,271
Cheeba Hut	1,754	214	3,124	214
Oxford	1,290	1,271	2,548	2,509
Mr. Mikes	1,002	1,065	2,006	2,080
AIR MILES®	982	818	1,904	1,574
Sutton	636	871	1,377	1,742
Royalty income	**$ 17,987**	**$ 17,697**	**$ 35,313**	**$ 33,185**
DIV Royalty Entitlement	1,356	1,329	2,711	2,658
Adjusted royalty income	**$ 19,343**	**$ 19,026**	**$ 38,024**	**$ 35,843**
Add: DIV Management fees	136	151	292	302
Adjusted royalty partner revenue	**$ 19,479**	**$ 19,177**	**$ 38,316**	**$ 36,145**
Add: Mr. Lube + Tires Adjusted EBITDA	2,239	-	2,239	-
Combined contribution	**$ 21,718**	**$ 19,177**	**$ 40,555**	**$ 36,145**

For further details with respect to adjusted royalty partner revenue, adjusted royalty income, combined contribution and Mr. Lube + Tires adjusted EBITDA refer to the subsection "Non-IFRS Financial Measures" under "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" in the Corporation's management's discussion and analysis for the three and six months ended June 30, 2026, a copy of which is available on SEDAR+ at www.sedarplus.ca.

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

(000's)	Three months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2026	Six months ended June 30, 2025
Distributions received from NND LP	$ 1,345	$ 1,321	$ 2,690	$ 2,646
Add: NND Royalties LP expenses	11	7	21	19
DIV Royalty Entitlement	1,356	1,328	2,711	2,665
Less: NND Royalties LP expenses	(11)	(7)	(21)	(19)
DIV Royalty Entitlement, net of NND Royalties LP expenses	**$ 1,345**	**$ 1,321**	**$ 2,690**	**$ 2,646**

For further details with respect to DIV Royalty Entitlement, refer to the subsection "Non-IFRS Financial Measures" under "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" in the Corporation's management's discussion and analysis for the three and six months ended June 30, 2026, a copy of which is available on SEDAR+ at www.sedarplus.ca.

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

(000's)	Three months ended June 30, 2026	2025	Six months ended June 30, 2026	2025
Cash flows generated from operating activities	$ 5,367	$ 9,464	$ 13,085	$ 19,624
Current tax expense[1]	(2,620)	(2,412)	(4,382)	(4,368)
Accrued interest on convertible debentures	(204)	788	(1,554)	-
Accrued interest on bank loans	(75)	(65)	(335)	(439)
Distributions on MRM units earned in current periods	(45)	(36)	(66)	(84)
Payment of lease obligations	(37)	(28)	(65)	(56)
Net marketing fund expense	(65)	-	(65)	-
Transaction costs	1,401	-	2,599	-
Other non-recurring costs	36	-	36	-
Foreign exchange and other	44	35	66	84
Changes in working capital	6,984	2,757	7,158	3,607
Taxes paid	2,334	1,949	5,400	4,985
Payment of contingent consideration	-	-	3,280	-
Mr. Lube + Tires distributable cash attributable to NCI	(67)	-	(67)	-
Distributable cash	**$ 13,053**	**$ 12,452**	**$ 25,090**	**$ 23,353**

1) Gross income tax before foreign tax credit and excluding US withholding taxes paid.

The following table reconciles the estimated Mr. Lube + Tires Adjusted EBITDA for fiscal year 2025 ("FY2025") to the estimated adjusted EBITDA contribution to DIV, post closing of the acquisition:

(000's)	FY 2025
Mr. Lube + Tires FY2025 Adjusted EBITDA[2]	**45,872**
Pro-forma Adjustments[3]	12,828
Estimated Adjusted EBITDA[1]	**58,700**

1. Adjusted EBITDA is a non-IFRS measure. See "Non-IFRS Measures".
2. For further details with respect to Mr. Lube + Tires adjusted EBITDA for FY2025, refer to the Mr. Lube Canada Limited Partnership Management's Discussion and Analysis ("MD&A") for the three and twelve months ended December 31, 2025 filed under DIV's profile on SEDAR+ at www.sedarplus.ca.
3. Mr. Lube + Tires pro-forma adjustments include estimated adjustments to reflect the assumptions with respect to the future performance of the business. These adjustments and assumptions include estimated synergies and operating leverage from increased system sales, primarily driven by new store growth.

For further details with respect to distributable cash, refer to the subsection "Non-IFRS Financial Measures" under "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" in the Corporation's management's discussion and analysis for the three and six months ended June 30, 2026, a copy of which is available on SEDAR+ at www.sedarplus.ca.

"Mr. Lube + Tires distributable cash" is a non-IFRS financial measure that does not have a standardized meaning prescribed by IFRS, and therefore may not be comparable to similar measures presented by other issuers. Mr. Lube + Tires distributable cash is defined as Mr. Lube + Tires adjusted EBITDA less interest expense on the credit facilities and current income tax expense. Management believes that Mr. Lube + Tires distributable cash provides investors with useful information about the amount of cash Mr. Lube + Tires has generated to cover dividend distributions to DIV, its parent company. Readers should be cautioned, however, that Mr. Lube + Tires distributable cash should not be construed as an alternative to the statement of cash flows as a measure of liquidity and cash flows of Mr. Lube + Tires or the Company. The Company's method of calculating distributable cash may differ from that of other issuers and companies and, accordingly, distributable cash may not be comparable to similar measures used by other issuers or companies.

"Distributable cash" is a non-IFRS financial measure that does not have a standardized meaning prescribed by IFRS, and therefore may not be comparable to similar measures presented by other issuers. Distributable cash is defined as Normalized EBITDA less interest expense on the credit facilities, less distributions on exchangeable partnership units, less gross current income tax expense (before foreign tax credit and excluding US withholding taxes paid), less the portion of Mr. Lube + Tires distributable cash attributable to NCI, plus interest income. Management believes that distributable cash provides investors with useful information about the amount of cash the Corporation has generated to cover dividends on its common shares during the applicable period. Readers should be cautioned, however, that distributable cash should not be construed as an alternative to

the statement of cash flows as a measure of liquidity and cash flows of the Company. The Company's method of calculating distributable cash may differ from that of other issuers and companies and, accordingly, distributable cash may not be comparable to similar measures used by other issuers or companies. Distributable cash was previously calculated in Q2 2025 as Normalized EBITDA less interest expense on the credit facilities, less distributions on exchangeable partnership units, less net current income tax expense (after foreign tax credit on US withholding taxes paid), plus interest income. The calculation has been revised as management believes the updated calculation provides a more representative view of the distributable cash generated by DIV. Under the previous calculation method, distributable cash was previously reported by DIV in Q2 2025 as $12,703 compared to $12,452 for Q2 2025 under the current form of the calculation and $23,841 for the six months ended June 30, 2025, compared to $23,535 under the current from of the calculation.

"Distributable cash per share" and "payout ratio" are non-IFRS ratios that do not have standardized meanings prescribed by IFRS, and therefore may not be comparable to similar ratios presented by other issuers. Distributable cash per share is defined as distributable cash, a non-IFRS measure, divided by the weighted average number of common shares outstanding during the period. Under the previous calculation method for distributable cash, distributable cash per share was previously reported by DIV in Q2 2025 as $0.0753, compared to $0.0738 per share under the current form of the calculation and $0.1420 for the six months ended June 30, 2025, compared to $0.1391 per share under the current form of the calculation. The Company's method of calculating distributable cash per share may differ from that of other issuers and companies and, accordingly, distributable cash per share may not be comparable to similar measures used by other issuers or companies. The payout ratio is calculated by dividing the dividends per share during the period by the distributable cash per share, a non-IFRS measure, generated in that period. Under the previous calculation method for distributable cash, payout ratio was previously reported DIV in Q2 2025 as 83.0% compared to 84.7% under the current form of the calculation and 88.0% for the six months ended June 30, 2025 compared to 89.9% under the current form of the calculation. The Company's method of calculating the payout ratio may differ from that of other issuers and companies and, accordingly, the payout ratio may not be comparable to similar measures used by other issuers or companies. For further details, refer to the subsection entitled "Non-IFRS Ratios" under "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" in the Corporation's management's discussion and analysis for the three and six months ended June 30, 2026, a copy of which is available on SEDAR+ at www.sedarplus.ca.

"Weighted average organic royalty growth" is the average same store sales growth percentage related to Mr. Lube + Tires, Oxford and Mr. Mikes plus the average increase in adjusted royalty income from AIR MILES®, Sutton (refer to section "Sutton" above), Nurse Next Door, BarBurrito, Stratus, and Cheba Hut over the prior comparable period taking into account the percentage weighting of each royalty partner's adjusted royalty income in proportion of the total adjusted royalty income for the period. Weighted average organic royalty growth is a supplementary financial measure and does not have a standardized meaning prescribed by IFRS. However, the Corporation believes that weighted average organic royalty growth is a useful measure as it provides investors with an indication of the change in year-over-year growth of each royalty partner, taking into account the percentage weighting of royalty partner's growth in proportion of total growth, as applicable. The Corporation's method of calculating weighted average organic royalty growth may differ from those of other issuers or companies and, accordingly, weighted average organic royalty growth may not be comparable to similar measures used by other issuers or companies. "Weighted average organic royalty growth" previously calculated in Q2 2025 and for the six months ended June 30, 2025 using the average same store royalty revenue growth percentage related to Mr. Lube + Tires stores in the royalty pool, was 5.5% and 4.6%, respectively. "Weighted average organic royalty growth" previously calculated in Q2 2025 and for the six months ended June 30, 2025 using the average same store royalty revenue growth percentage related to Mr. Lube + Tires stores in the royalty pool, was 4.7% and 4.1%, respectively, on a consistent currency basis. The calculation has been revised to use the average same store sales growth percentage related to Mr. Lube + Tires as management believes that same store sales growth percentage of the entire Mr. Lube + Tires system more accurately reflects its average organic royalty growth post Acquisition.

"Same store sales growth" or "SSSG" and "system sales" are supplementary financial measures and do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Prior to the acquisition of the Mr. Lube + Tires franchisor business, DIV reported SSSG solely in respect of the Mr. Lube + Tires franchise locations included in the Mr. Lube + Tires royalty pool. Current and prior period SSSG figures included in this news release are for the entire Mr. Lube + Tires franchisor business; accordingly, such figures will not be directly comparable DIV's previously reported SSSG figures for prior periods. SSSG and system sales figures are reported to DIV by its Royalty Partners and Mr. Lube LP – see "Third Party Information". For further details, refer to the subsection entitled "Supplementary Financial Measures" under "Description of Non-IFRS Financial Measures, Non-IFRS Ratios and Supplementary Financial Measures" in the Corporation's management's discussion and analysis for the three and six months ended June 30, 2026, a copy of which is available on SEDAR+ at www.sedarplus.ca.

Third Party Information

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

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

Additional Information

The information in this news release should be read in conjunction with DIV's consolidated financial statements and management's discussion and analysis ("MD&A") for the three and six months ended June 30, 2026, which are available on SEDAR+ at www.sedarplus.ca.

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

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