Condensed Consolidated Interim Financial Statements of

DIVERSIFIED ROYALTY CORP.

Three and six months ended June 30, 2026 and 2025

DIVERSIFIED ROYALTY CORP.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in thousands of Canadian dollars)

As at June 30, 2026 and December 31, 2025

	Note		June 30, 2026		December 31, 2025
Assets					
Current assets:					
Cash		$	13,702	$	4,609
Royalty and other receivables	8		19,755		6,582
Tax receivable	5		11,668		-
Inventory	5(d)		86		-
Prepaid expenses and other			730		217
Investment in subleases	9		8,102		-
			54,043		11,408
Interest rate swap assets	18		487		189
Investments in subleases	9		164,276		-
Property, plant, and equipment	12		6,098		527
Note receivable			1,503		1,447
Investment in NND LP	10		39,970		39,760
Recoverable decommissioning obligation			2,659		-
Goodwill	5(e)		156,641		-
Investment in preferred shares	5(b)		11,714		-
Intangible assets	11		637,939		558,921
		$	1,075,330	$	612,252
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities	13	$	19,423	$	1,958
Due to related party	5		11,614		-
Bank loans, net of deferred financing charges	16		15,044		9,137
Convertible debentures			47,917		-
Contingent consideration	20		6,340		3,280
Exchangeable units and other	19		-		935
Deferred revenue	5(d)		174		-
Lease obligation	14		8,309		-
Interest rate swap liabilities	18		583		595
Income tax payable			-		964
			109,404		16,869
Long-term accrued liabilities			240		79
Deferred revenue	5(d)		783		-
Decommissioning obligation	5(d)		2,659		-
Redeemable non-controlling interest	5(b),15		22,978		-
Bank loans, net of deferred financing charges	16		337,956		195,749
Convertible debentures	17		63,023		50,702
Contingent consideration	20		24,930		29,676
Exchangeable units and other	19		1,770		1,405
Interest rate swap liabilities	18		-		170
Lease obligation	14		167,452		558
Deferred income tax liability	21		31,351		28,450
Equity attributable to owners of the Company:					
Share capital			353,088		330,547
Contributed surplus			38,017		40,190
Equity component of convertible debentures	17		7,453		5,127
Accumulated other comprehensive income			5,768		2,262
Accumulated deficit			(103,257)		(89,532)
Non-controlling interest			11,715		-
			312,784		288,594
		$	1,075,330	$	612,252

Subsequent events (note 26)
The accompanying notes are an integral part of these consolidated financial statements.

DIVERSIFIED ROYALTY CORP.

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

For the three and six months ended June 30, 2026 and 2025

		Three months ended June 30,		Six months ended June 30,	
	Note	2026	2025	2026	2025
Royalty income	6	$ 17,987	$ 17,697	$ 35,313	$ 33,185
Franchise royalties and other income	7	3,696	151	3,852	302
		21,683	17,848	39,165	33,487
Expenses:					
Salaries and benefits		880	613	1,576	1,309
Share-based compensation	22	763	596	1,559	964
General and administration		2,292	277	3,707	491
Professional fees		263	137	469	267
Marketing fund expense		740	-	740	-
Corporate store expense		51	-	51	-
Impairment	11(c),(d)	7,543	-	7,891	-
		12,532	1,623	15,993	3,031
Income from operations		9,151	16,225	23,172	30,456
Interest expense on credit facilities		(5,003)	(3,315)	(8,968)	(6,465)
Other finance costs, net		(1,236)	(1,373)	(2,462)	(2,368)
Fair value adjustment on financial instruments		2,363	1,038	4,040	1,942
Income before income taxes		5,275	12,575	15,782	23,565
Income tax expense	21	2,169	3,555	5,111	6,552
Net income for the period		**$ 3,106**	**$ 9,020**	**$ 10,671**	**$ 17,013**
Attributable to:					
Shareholders of DIV		3,141	9,020	10,706	17,013
Non-controlling interest	5(b)	(35)	-	(35)	-
Item that may be reclassified subsequently to profit or loss:					
Foreign currency translation adjustment		2,089	(3,560)	3,506	(3,549)
Other comprehensive income for the period		**$ 2,089**	**$ (3,560)**	**$ 3,506**	**$ (3,549)**
Total comprehensive income for the period		**$ 5,195**	**$ 5,460**	**$ 14,177**	**$ 13,464**
Attributable to:					
Shareholders of DIV		5,230	5,460	14,212	13,464
Non-controlling interest	5(b)	(35)	-	(35)	-
Weighted average number of shares outstanding					
Basic (thousands)	23	172,139	168,695	171,456	167,913
Diluted (thousands)	23	174,707	170,452	174,117	169,678
Income per share attributable to the shareholders of DIV					
Basic	23	$ 0.02	$ 0.05	$ 0.06	$ 0.10
Diluted	23	$ 0.02	$ 0.05	$ 0.06	$ 0.10

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

DIVERSIFIED ROYALTY CORP.

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

As at June 30, 2026 and 2025

	Note	Common shares (thousands)	Class E preferred shares (thousands)	Share capital	Contributed surplus	Equity component of convertible debentures	Accumulated other comprehensive income	Accumulated deficit	Non-controlling interest	Total equity
Balance, December 31, 2025		170,606	-	$ 330,547	$ 40,190	$ 5,127	$ 2,262	$ (89,532)	$ -	$ 288,594
Common shares issued on DRIP		802	-	3,371	-	-	-	-	-	3,371
Common shares issued on RSUs settled		131	-	528	(390)	-	-	-	-	138
Common shares issued on Acquistion, net of fees	5(b)	3,441	-	13,660	-	-	-	-	-	13,660
Common shares issued on conversion of debt	17(a)	850	-	3,444	-	-	-	-	-	3,444
Share-based compensation - net of RSUs settled		-	-	-	316	-	-	-	-	316
Common shares issued on exercise of options		318	-	1,538	(2,099)	-	-	-	-	(561)
Mr. Lube Canada Ltd. Class E preferred shares	5(b)	-	11,714	-	-	-	-	-	11,715	11,715
Dividends declared		-	-	-	-	-	-	(24,396)	-	(24,396)
Issuance of convertible debentures, net of fees	17(b)	-	-	-	-	2,326	-	-	-	2,326
Comprehensive income		-	-	-	-	-	3,506	10,671	-	14,177
Balance, June 30, 2026		176,148	11,714	$ 353,088	$ 38,017	$ 7,453	$ 5,768	$ (103,257)	$ 11,715	$ 312,784

	Note	Common shares (thousands)	Class E preferred shares (thousands)	Share capital	Contributed surplus	Equity component of convertible debentures	Accumulated other comprehensive income	Accumulated deficit	Non-controlling interest	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		981	-	2,757	-	-	-	-	-	2,757
Common shares issued on RSUs settled		122	-	286	(357)	-	-	-	-	(71)
Share-based compensation - net of RSUs settled		-	-	-	512	-	-	-	-	512
Dividends declared		-	-	-	-	-	-	(20,986)	-	(20,986)
Addition to intangible assets		1,460	-	4,180	-	-	-	-	-	4,180
Comprehensive income		-	-	-	-	-	(3,549)	17,013	-	13,464
Balance, June 30, 2025		169,507	-	$ 326,732	$ 41,017	$ 5,127	$ 1,451	$ (85,671)	$ -	$ 288,656

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

DIVERSIFIED ROYALTY CORP.
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in thousands of Canadian dollars)

For the three and six months ended June 30, 2026 and 2025

	Note	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Operating activities:					
Net income		$ 3,106	$ 9,020	$ 10,671	$ 17,013
Adjustments for:					
Tax expense	21	2,169	3,555	5,111	6,552
Impairment	11(c),(d)	7,543	-	7,891	-
Depreciation expense		416	24	441	48
Share-based compensation		763	596	1,559	964
Fair value adjustments on financial instruments		(2,363)	(1,038)	(4,040)	(1,942)
Interest expense on credit facilities		5,003	3,315	8,968	6,465
Other finance costs, net		1,236	1,373	2,462	2,368
Interest paid		(4,723)	(4,037)	(7,079)	(6,026)
Interest received		235	77	315	212
Taxes paid		(2,334)	(1,949)	(5,400)	(4,985)
Distributions received from NND LP		1,345	1,321	2,690	2,646
Distributions paid on Exchangeable Units	19(b)	(45)	(36)	(66)	(84)
Payment of contingent consideration	20	-	-	(3,280)	-
Changes in non-cash operating items:					
Royalties and other receivable		1,931	(870)	1,413	(1,044)
Amounts receivable		(6)	(16)	7	(3)
Prepaid expenses and other		(70)	(109)	(160)	(178)
Accounts payable and accrued liabilities		(8,835)	(1,762)	(8,418)	(2,382)
Cash flows generated from operating activities		5,371	9,464	13,085	19,624
Financing activities:					
Proceeds from issuance of debt, net of fees	5,16(a),(b)	259,670	37,823	259,670	37,823
Proceeds from issuance of convertible debentures, net of fees	17(b)	-	-	65,852	-
Payment of lease obligations		(747)	(28)	(775)	(56)
RSUs settled in cash		-	-	(7)	(6)
Payment of dividends, net of DRIP		(10,472)	(9,157)	(21,025)	(18,229)
Payments received from net investment in subleases		710	-	710	-
Repayment of debt	16(a),(b)	(91,457)	-	(112,631)	(5,500)
Cash flows generated from financing activities		157,704	28,638	191,794	14,032
Investing activities:					
Purchase of fixed assets		(3)	-	(7)	-
Mr. Lube + Tires Acquisition	5 (b)	(185,654)	-	(185,654)	-
Additions to intangible assets	11(a)	(9,999)	(49,421)	(9,999)	(49,421)
Cash flows used in investing activities		(195,656)	(49,421)	(195,660)	(49,421)
Net increase (decrease) in cash		(32,581)	(11,319)	9,219	(15,765)
Cash, beginning of the period		46,490	15,252	4,609	19,692
Effect of foreign exchange rate changes on cash		(207)	(118)	(126)	(112)
Cash, end of the period		$ 13,702	$ 3,815	$ 13,702	$ 3,815

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

Diversified Royalty Corp. ("DIV") is a company domiciled in Canada and governed by the Business Corporations Act (British Columbia). The condensed consolidated interim financial statements of DIV as at and for the three and six months ended June 30, 2026 and 2025, 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; outstanding 6.00% convertible unsecured subordinated debentures due June 30, 2027; and outstanding 5.75% convertible unsecured subordinated debentures due March 31, 2031 are traded on the Toronto Stock Exchange under the symbols "DIV", "DIV.DB.A", and "DIV.DB.B", respectively.

1. Nature of operations:

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 ("Royalty Partners"). 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 ("Mr. Lube + Tires") in Canada (refer to note 5). Mr. Lube + Tires is the leading Canadian automotive service chain specializing in fast, drive-in drive-through, no-appointment-needed vehicle maintenance.

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 (before 33.3% royalty relief, refer to note 11(d)) per annum which increases each July at a fixed rate of 2.0% per annum. 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.

Mr. Lube Canada Limited Partnership ("Mr. Lube LP"): 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 LP the licence to use the ML Rights in exchange for a royalty payment 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 LP Royalty Pool"). ML LP's royalty arrangement and DIV's management fee arrangement with Mr. Lube LP were both terminated on June 16, 2026 as a result of the Acquisition (defined in note 5).

AIR MILES Loyalty Inc. (which company has been renamed BMO Blue Rewards, Inc. and is referred to herein as "AIR MILES"): 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 AIR MILES (an affiliate of the Bank of Montreal ("BMO")) and in operating the AIR MILES® reward program in Canada. In accordance with the terms of two licence agreements with AIR MILES (collectively, the "AIR MILES® Licences") that were amended on January 26, 2026 (the "Amendment"), AIR MILES, has an exclusive right to use the AIR MILES® Rights in Canada in exchange for a fixed annual royalty payment of $3.9 million paid quarterly over ten years ending January 31, 2036. Prior to the Amendment, the royalty payment was equal to 1% of gross billing of the AIR MILES® reward program. The fixed royalty payments, which are guaranteed by BMO, grow at a rate of 2.42% per annum commencing February 1, 2027, and each February 1st thereafter during the ten-year term of the amended licenses.

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 10). 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 $5.4 million per year, which grows at a fixed rate of 2.0% per annum (the "DIV Distribution Entitlement").

1. Nature of operations (continued):

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").

SBS 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$7.0 million per annum which increases each November at a rate of 5% each year until and including November 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 $9.4 million per annum (including the 2026 BarBurrito Adjustment, refer to note 20) which grows at a fixed rate of 4% per annum each March 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 (the "BarBurrito 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$5.1 million per annum (including Incremental Cheba Hut Royalty, refer to note 11(b)) 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 franchisee royalties, license fees and corporate store revenues from Mr. Lube + Tires and 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 Mr. Lube + Tires and the Company's Royalty Partners to generate cash and pay royalties and management fees.

Liquidity

Working capital is defined as current assets less current liabilities on the consolidated statements of financial position. As at June 30, 2026, the Company had cash of $13.7 million and a working capital deficit of $55.4 million (December 31, 2025 - $4.6 million cash, working capital deficit of $5.5 million). The working capital deficit includes the $49.1 million remaining principal on the 2027 Debentures (defined in note 17(a)) with a maturity date of June 30, 2027, $11.0 million OX LP term loan with a maturity date of May 8, 2027, and the short-term portion of the BarB LP contingent consideration, which is only payable if certain royalty pool increase conditions are met. The Company extended the maturity date of the OX LP term loan before its maturity date (refer to subsequent events (note 26(c)). In addition, the Company is confident in its ability to generate positive cash flow from operations and it has a history of being able to successfully raise capital through either equity (refer to subsequent events (note 26(a)) or debt (refer to note 17(b)) to pay off current debt. Furthermore, the Company also has $14.9 million in undrawn operating lines of credit available for use.

2. Basis of preparation:

(a) Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. Certain information and note disclosures normally included in the annual consolidated financial statements in accordance with IFRS Accounting Standards have been omitted or condensed. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2025.

These condensed consolidated interim financial statements were authorized and approved for issue by the Company's Board of Directors on August 12, 2026.

2. Basis of preparation (continued):

(b) Basis of measurement:

The preparation of 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. The critical judgments and key estimates and assumptions are the same as described in the Company's annual consolidated financial statements for the year ended December 31, 2025.

(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.

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.

(d) Operating segments:

With the completion of the Acquisition (defined in note 5), the Company now manages its business on the basis of two reportable operating segments: the first business segment relates to DIV and its royalties and management fees generated from its Royalty Partners and the second business segment relates to Mr. Lube + Tires (refer to segment reporting, note 25).

3. Material accounting policies:

These condensed consolidated interim financial statements have been prepared using the same accounting policies as the annual consolidated financial statements for the year ended December 31, 2025 except for specific policies and certain pronouncements disclosed below.

(a) Basis of consolidation:

These consolidated financial statements include the accounts of DIV, Mr. Lube Canada Ltd., 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) Revenue recognition:

The Company's main revenue streams from its two business segments are as follows:

i) Revenue generated from Mr. Lube + Tires, recorded to franchise royalties and other income on the statement of profit or loss, are comprised of the following streams:

- Franchise royalties: Mr. Lube + Tires charges monthly franchise royalties to franchisees on sales in return for franchisee access to, among other things, national purchasing power, discounted rates and vendor partnerships, and large-scale supply networks.
- Franchisor licenses and fees: Mr. Lube + Tires provides operational training, technical brand and marketing support in exchange for a monthly fee. These services are provided to the franchisees over the related license term, therefore revenue is evenly recognized over the license term.
- Corporate store revenue: Mr. Lube + Tires operates one corporate flagship store in Calgary, Alberta. Corporate store revenue includes retail customer payments for automotive preventive maintenance and repair services and tire sales and services.

3. Material accounting policies (continued):

(b) Revenue recognition (continued):

- License, fees and other income: Rental revenue from signage is recognized as earned on a straight-line basis over the term of the related agreement. Rebates are generated through supply agreements and are recognized as earned.
- Marketing fund contributions, expense and restricted liability: Mr. Lube + Tires participates in a marketing fund established to collect and administer franchisee funds contributed for use in advertising and promotional programs designed to increase sales and enhance the Mr. Lube + Tires brand. Contributions to the marketing fund are required to be made by franchisees under the franchise license agreement. These contributions are based on a percentage of sales and are used for local, regional and national advertising, as well as brand development programs. The marketing fund expenditures are reported on a gross basis on the statement of profit or loss.
- Deferred revenue: Mr. Lube + Tires collects initial franchise fees which are deferred and recognized over the term of the related license term. Mr. Lube + Tires provides services to the franchise over the related license term, and hence revenue is evenly recognized over the license term as these services are provided. Initial franchise fees are recorded to franchise royalties and other income on the statement of profit or loss with a corresponding liability recorded to deferred revenue on the statement of financial position.

ii) Revenue generated from Royalty Partners:

- 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 fees are recognized as earned over the term of the agreement.

Royalty income and management fees for Mr. Lube LP (terminated June 16, 2026), 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 AIR MILES calendar quarter. Royalty income from Stratus is usually receivable within 25 days after the calendar month.

(c) Leases:

i) Head office and other operating leases:

- The Company recognizes a right-of-use ("ROU") asset and a lease obligation at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease obligation adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated using the straight-line method over the term of the lease as this most closely reflects the expected pattern of consumption of the future economic benefits.
- The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.
- The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

3. Material accounting policies (continued):

(c) Leases (continued):

i) Head office and other operating leases (continued):

- The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if Mr. Lube Canada Ltd. changes its assessment of whether it will exercise a purchase, extension or termination option.

ii) Lease of Mr. Lube + Tire corporate store and subleases to franchisees:

- A ROU asset is recorded for each franchise head lease based on the present value of future lease payments with an equal corresponding lease liability; however, as a result of Mr. Lube + Tire's subleases to its franchisees, the ROU asset is derecognized and a net investment in sublease is recognized based on the future value of lease payments received. Interest expenses and revenues as a result of the change in lease obligations and change in net investment in sublease are recorded on a gross basis in the statement of profit or loss.

iii) In connection with the Acquisition (defined in note 5), the ML Leases (defined in note 5) will remain with Mr. Lube LP and will be administered by Mr. Lube Canada Ltd. pursuant to a Lease Management Agreement (defined in note 5). Under the Lease Management Agreement, Mr. Lube Canada Ltd. will administer the lease portfolio and is expected to negotiate with lessors and landlords to obtain required third-party consents for the assignment of the ML Leases to Mr. Lube Canada Ltd. Over time. DIV has completed an assessment of the lease portfolio (the "Assessment") and identified the leases for which the required consent not being obtained was considered low. Accordingly, the carrying value of net investment in subleases does not reflect adjustments related to ML Leases for which third-party consents may not be obtained. Any ML Leases where the required third-party consents are obtained after closing will not be reflected in the acquisition date purchase price allocation but will instead be accounted for from the effective date of the lease consents.

(d) Decommissioning obligations:

The Company recognizes a future decommissioning obligation as a liability in the year in which it incurs a legal obligation associated with a lease. The obligation is based on management's best estimate of the expenditure required to settle the obligation. A corresponding recoverable balance is recognized representing the recoverable amount from the Mr. Lube + Tire franchisees under sub-lease agreement as any decommissioning cost incurred by Mr. Lube Canada Ltd. is required to be reimbursed by the franchisees.

The amount of the decommissioning obligation is estimated using the expected cash flow approach that reflects a range of possible outcomes discounted at the Company's incremental borrowing rate. Subsequent to the initial measurement, the decommissioning obligation is adjusted at the end of each year to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. Changes in the obligation due to the passage of time or due to changes in estimated cash flows are recognized as an adjustment of the carrying amount of the obligation and related receivable balance.

(e) 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. Upon conversion, the Company de-recognizes the liability component of the liability component and reclassifies it into common shares. The original equity component remains within equity with no gain or loss recognized on the conversion.

3. Material accounting policies (continued):

(f) Property, plant and equipment:

Equipment and leasehold improvements are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the costs can be measured reliably.

Repairs and maintenance costs are expensed to the statement of profit or loss during the period in which they are incurred. Residual values, methods of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate. Gains and losses on disposals of equipment and leasehold improvements are determined by comparing the proceeds with the carrying amount of the asset and are recorded to the statement of profit or loss. Amortization is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. The Company provides for amortization of equipment and leasehold improvements over their estimated useful lives using the straight-line method as follows:

Assets	Amortization Rate
Buildings	20 years
Computer equipment	2-5 years
Equipment	2-7 years
Signage	7 years
Leasehold improvements	Shorter of lease term and its useful life
ROU assets	Lease term

(g) Intangible assets:

Intangible assets acquired separately are initially measured at cost. Intangible assets acquired in a business combination are recognized separately from goodwill when they are identifiable and their fair value can be measured reliably. Such intangible assets are initially measured at their acquisition-date fair value. Subsequent to initial recognition, intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives, which represents the expected period over which the assets are available for use and generate economic benefits for the Company. Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually and whenever there is an indication that the asset may be impaired. The useful life of an intangible asset with an indefinite life is reviewed each reporting date to determine whether events and circumstances continue to support an indefinite useful life assessment. The estimated useful lives, residual values and amortization methods are reviewed at each reporting date and adjusted prospectively, if appropriate. Intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

The intangible assets related to DIV's Royalty Partners 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. These intangible assets are not amortized as they have an indefinite life and are assessed for impairment annually.

The Mr. Lube + Tires intangible assets acquired as part of the Acquisition (defined in note 5) are related to franchise license agreements and supplier agreements. They have finite useful lives and are amortized on a straight-line basis over the remaining terms of the underlying agreements, which management estimates range from 5 to 20 years. Amortization is recognized in the statement of profit or loss.

3. Material accounting policies (continued):

(h) Goodwill:

Goodwill represents the excess of (i) the aggregate of the consideration transferred, the amount of any non-controlling interests recognized, and the acquisition-date fair value of any previously held equity interest in the acquiree over, and (ii) the acquisition-date fair value of the identifiable assets acquired and liabilities assumed in a business combination. Goodwill arising on a business combination is recognized as an asset and initially measured at cost in accordance with *IFRS 3 Business Combinations* ("IFRS 3"). Goodwill is not amortized but is tested for impairment annually, or more frequently when events or changes in circumstances indicate that it may be impaired. Any impairment loss recognized for goodwill is not reversed in subsequent periods. Goodwill is allocated to the cash-generating unit (“CGU”) or group of CGUs that are expected to benefit from the synergies of the business combination and is tested for impairment at that level. The allocation of the purchase price to identifiable assets acquired and liabilities assumed is based on management's best estimate of acquisition-date fair values and may be revised during the measurement period as permitted by IFRS 3 if new information becomes available about facts and circumstances that existed at the acquisition date.

(i) Cash settled share-based payments:

Certain redeemable non-controlling interest issued for cash or in exchange for services have been classified as a liability given they contain a mandatory redemption feature and are settled in cash on redemption (refer to note 5(b)). Accordingly, they are accounted as cash settled share-based payments under *IFRS 2, Share-based Payment* (“IFRS 2”). The fair value of cash settled share-based payment arrangements is recognized as an expense with a corresponding increase in the liability, over the vesting period that the employees provide the services and become entitled to the shares. The fair value of the liability is remeasured at each reporting date, through to the date of settlement, with any changes recognized in the statement of profit or loss.

(j) Changes in material accounting policies:

Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7. These amendments updated classification and measurement requirements in IFRS 9 Financial Instruments and related disclosure requirements in IFRS 7 Financial Instruments: Disclosures. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criterion, including financial assets that have environmental, social and corporate governance (ESG)-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs, and amended disclosures relating to equity instruments designated at fair value through other comprehensive income.

The amendments are effective for periods beginning on or after January 1, 2026, and adoption of these amendments did not have an effect on our condensed consolidated interim financial statements.

4. Use of estimates and judgments:

The preparation of the condensed consolidated interim 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. In the preparation of these condensed consolidated interim financial statements management has used the same judgments, estimates and assumptions as those disclosed in the annual consolidated financial statements for the year ended December 31, 2025 except for specific estimates and judgments disclosed below.

4. Use of estimates and judgments (continued):

(a) Critical judgments:

Consolidation

In applying the criteria outlined in *IFRS 10, Consolidated Financial Statements* ("IFRS 10"), judgment is required in determining whether DIV controls Mr. Lube Canada Ltd., 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 Mr. Lube Canada Ltd., 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.

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.

Accounting for business combinations requires significant judgment, estimates and assumptions at the acquisition date. In developing estimates of fair values at the acquisition date, management uses a variety of factors including market data, market prices, capacity, historical and future expected cash flows, growth rates and discount rates. The fair value of assets acquired and liabilities assumed in a business combination, is estimated based on information available at the date of acquisition. While management uses best estimates and assumptions to accurately value assets acquired and liabilities assumed at the date of acquisition, estimates are inherently uncertain and subject to refinement. The Company has determined that the transaction related to the Acquisition (defined in note 5) was a business combination and the acquisition-related costs were expensed to the statement of profit or loss.

(b) Use of estimates:

- Provisions for decommissioning obligations are measured at management's best estimate of the expenditures required to settle the obligations as at the end of the reporting period and are discounted to present value where the effect of discounting is material. Changes to any of the estimated costs involved would result in a change in the amount recognized.
- Where investments are not publicly traded, estimates are required to determine the fair value of the units. Accordingly, these amounts are subject to measurement uncertainty.
- The application of *IFRS 16, Leases* ("IFRS 16") requires the Company to make judgements and estimates that affect the value of the right-of-use assets and the lease liabilities which mainly relate to the incremental rates of borrowing and to whether purchase, renewal or termination options are reasonably certain of being exercised.

5. Business acquisition:

On May 14, 2026, DIV and its newly formed wholly owned subsidiary Mr. Lube Canada Ltd., entered into a definitive agreement (the “Acquisition Agreement”) with Mr. Lube LP and Mr. Lube Canada GP Inc. and certain other parties (together, the “Vendors”) for the acquisition by Mr. Lube Canada Ltd. of Mr. Lube + Tires in Canada (the “Acquisition”) for the purchase price of $227.9 million (the “Purchase Price”), subject to customary closing and post-closing adjustments.

The cash portion of the adjusted Purchase Price paid on closing of the Acquisition, plus transaction and lending costs of approximately $4.5 million, was funded by: (i) $30.0 million from DIV’s cash on hand, (ii) $38.5 million from DIV’s existing undrawn acquisition facility capacity (the “Acquisition Facility”), and (iii) $212.5 million drawn from a new senior credit facility obtained by Mr. Lube Canada Ltd. (the “Mr. Lube + Tires Credit Facility”) (resulting in a net increase in senior debt of $127.6 million after the application of $84.9 million of the loan proceeds to pay down existing debt within ML LP as described further below). In addition, on account of the adjusted Purchase Price payable on closing of the Acquisition, (i) $13.7 million in DIV common shares were issued at a price of $3.98 per share on a private placement basis (3,440,953 DIV common shares) to various equity holders of Mr. Lube LP (which shares are subject to a statutory four-month hold period), (ii) $20.6 million of Class B, C and D Common shares of Mr. Lube Canada Ltd. were issued, as consideration, to former senior management of Mr. Lube LP (in addition to the $1.95 million of Class B Common shares of Mr. Lube Canada Ltd. referred to in note 5(b) issued to former senior management of Mr. Lube LP in connection with the Acquisition) resulting in former senior management of Mr. Lube LP retaining an approximate 4% interest in Mr. Lube Canada Ltd. on a non-diluted basis (approximately 6.0% fully diluted), and (iii) $8.3 million of liabilities of the Vendors was assumed by Mr. Lube Canada Ltd.

Mr. Lube LP also provided Mr. Lube Canada Ltd. with an $11.6 million non-interest-bearing loan to fund the GST (the “GST Note”) related to the Acquisition, of which $9.3 million is payable by Mr. Lube Canada Ltd. on the earlier of six months following closing of the Acquisition and the receipt by Mr. Lube Canada Ltd. of a GST refund in respect of the Acquisition, and of which $2.4 million, representing an indemnity holdback, is payable by Mr. Lube Canada Ltd. one-year post closing, subject to indemnity claims of Mr. Lube Canada Ltd. under the Acquisition Agreement. The GST Note is recorded as due to related party on the statement of financial position.

Pursuant to the Acquisition, Mr. Lube Canada Ltd. acquired substantially all of the remaining assets of Mr. Lube LP that it did not already own, including Mr. Lube Canada Limited Partnership’s franchise agreements and supplier contracts. The Acquisition did not include the head leases (the “Head Leases”) to the franchised locations leased by Mr. Lube LP and the subleases of these locations, which are subleased by Mr. Lube LP to franchisees (the “Subleases” and together with the Head Leases, the “ML Leases”). The ML Leases will remain with Mr. Lube LP and will be managed by Mr. Lube Canada Ltd. as Mr. Lube Canada Limited Partnership’s exclusive manager pursuant to a lease management agreement entered into at the closing of the Acquisition (the “Lease Management Agreement”). The ML Leases are expected to be assigned by Mr. Lube LP to Mr. Lube Canada Ltd. over time pursuant to the Lease Management Agreement in accordance with the terms related to each ML Lease.

Following completion of the Acquisition, Mr. Lube Canada Ltd. now employs the entire former senior management team of Mr. Lube LP who historically operated Mr. Lube + Tires. In addition, all former employees of Mr. Lube LP are now employees of Mr. Lube Canada Ltd. who along with the senior management team, continue to manage and operate Mr. Lube + Tires, including managing the ML Leases pursuant to the Lease Management Agreement. Mr. Lube LP continued to pay royalties and management fees to DIV and ML LP, respectively, up to the closing of the Acquisition, upon which those arrangements were terminated. In addition, pursuant to the Acquisition Agreement, DIV, ML LP and Mr. Lube LP waived the annual adjustment to the Mr. Lube + Tires royalty pool in 2026, any adjustment to the Mr. Lube + Tires royalty rate in 2026 and the true-up in respect of the 2025 adjustment to the Mr. Lube + Tires royalty pool.

(Tabular amounts expressed in thousands of Canadian dollars)

5. Business acquisition (continued):

Mr. Lube Canada Ltd. entered into a credit agreement with a lending syndicate (the "Mr. Lube + Tires Credit Agreement") which governs the $222.5 million Mr. Lube + Tires Credit Facility of which $212.5 million was drawn to fund a portion of the Purchase Price. In connection with the Acquisition, DIV caused $84.9 million of existing term loan indebtedness of ML LP to be repaid from the proceeds of the Mr. Lube + Tires Credit Facility, resulting in a net increase in consolidated senior debt in Mr. Lube Canada Ltd. of $127.6 million. The Mr. Lube + Tires Credit Agreement provides for a total indebtedness of up to $222.5 million consisting of a revolving credit facility in the maximum amount of $60 million to be used to finance working capital and general corporate requirements (the "Mr. Lube + Tires Operating Loan Facility"), of which $50 million was used to partially finance the Acquisition, and a non-revolving term facility of $162.5 million which was fully drawn to partially finance the Acquisition (the "Mr. Lube + Tires Term Loan Facility"). The Mr. Lube + Tires Term Loan Facility has a term of approximately five years, bears interest at a floating rate based on the Prime Rate or CORRA plus a spread based on prevailing market rates and amortizes on a scheduled basis following an initial six-month interest-only period. The Mr. Lube + Tires Operating Loan Facility has a term of approximately five years, bears interest at a floating rate based on the Prime Rate, CORRA, or the US commercial loan or overnight federal funds rate plus a spread based on prevailing market rates. The Mr. Lube + Tires Credit Facility is secured by the assets of Mr. Lube Canada Ltd. and ML LP and the Mr. Lube + Tires Credit Agreement has covenants customary for this type of credit facility. DIV also financed $38.5 million of the Purchase Price through a draw on its existing Acquisition Facility, as amended in connection with the Acquisition. The amount drawn under the Acquisition Facility was repaid in full on July 7, 2026 (see note 26(b)) and subject to a floating interest rate based on CORRA plus a spread based on prevailing market rates prior to repayment. The Acquisition Facility is secured by a general security interest over the assets of the Corporation and has covenants customary for this type of credit facility. The Acquisition closed on June 16, 2026.

The acquired assets and liabilities are recorded at their estimated fair values at the date of the Acquisition. The total consideration was allocated to the assets acquired and liabilities assumed, with the excess recorded to goodwill. Goodwill of $156.6 million recognized on the transaction is a result net deferred tax liabilities recognized on the transaction, which are recorded at the Company's effective tax rate without discounting. The preliminary purchase price allocation reflects management's best estimate of the fair value of the acquired assets and liabilities based on the analysis of information obtained to date. Any adjustments to the purchase price allocation will be made as soon as practicable but no later than one year from the date of acquisition. Management has determined that the acquired assets and processes significantly contribute to DIV's ability to create revenue and therefore has concluded that the Acquisition is a business combination recognized in accordance with IFRS 3.

The business combination generated by the Acquisition contributed revenues to DIV's results for the period June 16, 2026 to June 30, 2026 of $3.6 million. Net loss before taxes contributed for the same period was $1.1 million. Refer to segment reporting, note 25.

(a) Preliminary base purchase consideration:

The following table summarizes the base purchase consideration:

		June 16, 2026
Preliminary base purchase price	$	235,000
Additional Class B common shares[1]		1,950
Closing Indebtedness		(8,250)
Working Capital		(786)
Net preliminary purchase price	$	227,914

1) An additional $1.95 million of Class B common shares of Mr. Lube Canada Ltd. issued to management of Mr. Lube + Tires in connection with the Acquisition.

(Tabular amounts expressed in thousands of Canadian dollars)

5. Business acquisition (continued):

(b) Purchase consideration transferred:

The following table summarizes the acquisition date fair value of each class of consideration transferred:

		June 16, 2026
Cash	$	185,655
DIV common shares[1]		13,695
Redeemable non-controlling interest:		
Mr. Lube Canada Ltd. Class B common shares[2]		16,850
Mr. Lube Canada Ltd. Class C and D common shares[2]		5,679
Mr. Lube Canada Ltd. Class E preferred shares[3]		6,035
Purchase consideration	$	227,914

1) Share consideration is calculated based DIV shares issued at a price of $3.98 per share on a private placement basis (3,440,953 shares), issued to various equity holders of the Vendors.
2) Representing $20.6 million share consideration issued by Mr. Lube Canada Ltd. plus an additional $1.95 million of Class B common shares of Mr. Lube Canada Ltd. issued to management of Mr. Lube + Tires.
3) Class E preferred shares were issued by Mr. Lube Canada Ltd. in connection with the closing of the Acquisition at an agreed upon fair value of $1.00 per share.

Subsequent to the Acquisition, in a separate transaction with management of Mr. Lube + Tires in Canada, Mr. Lube Canada Ltd. further:

(i) acquired 6,035,468 Class E preferred shares of MLC Canadian Management Corp. (“ManagementCo”), for cash consideration of $6.0 million;

(ii) issued 5,679,000 Class E preferred shares to Mr. Lube LP, that were subsequently transferred to Mr. Lube LP’s subsidiary, 1590130 B.C. Ltd. (“ML NewCo”), and;

ManagementCo is an entity incorporated in 2016 to facilitate a bonus incentive program for the former senior management team of Mr. Lube LP (now senior management of Mr. Lube Canada Ltd.) to provide indirect ownership. The Class E preferred shares of Mr. Lube Canada Ltd., ManagementCo, and ML NewCo are legally offsetable, without cash settlement, upon certain events including the change in control, dissolution, or IPO of Mr. Lube Canada Ltd. The Class E preferred shares in ManagementCo and ML NewCo have been recorded as an asset on the statement of financial position as investment in preferred shares with an equal, but not offsetting, amount recorded to non-controlling interest in equity. The issuance of these Class E preferred shares held between Mr. Lube Canada Ltd., ManagementCo and ML NewCo are a transition step pursuant to the Acquisition Agreement and represent value of share ownership to be eliminated upon the future windup of ManagementCo and ML NewCo approximately three years from the closing date of the Acquisition.

The Class B and Class C Common shares in Mr. Lube Canada Ltd., which are subject to put rights in favour of the holders pursuant to the terms of a shareholders agreement governing Mr. Lube Canada Ltd., represent $20.6 million of equity rolled into Mr. Lube Canada Ltd. (inclusive of $14.9 million of Class B Common shares and $5.7 million of Class C Common shares of Mr. Lube Canada Ltd.), plus an additional $1.95 million of Class B Common shares of Mr. Lube Canada Ltd. issued to management of Mr. Lube + Tires in connection with the Acquisition resulting in a combined total interest in Mr. Lube Canada Ltd. of approximately 4% on a non-diluted basis (approximately 6% on a fully-diluted basis). DIV accounts for both Class B and C Common shares of Mr. Lube Canada Ltd., which are subject to put rights at the shareholders’ discretion, as financial liabilities recorded as redeemable non-controlling interest on the statement of financial position. For further details, refer to note 15.

(c) Acquisition-related costs:

DIV incurred total acquisition-related costs of approximately $4.5 million, of which $2.6 million is related to external legal, tax, accounting advisory and due diligence fees and have been included in general and administrative expenses. The remaining $1.8 million is for lender, legal and arrangement fees related to the Mr. Lube Canada Ltd. credit facilities and have been recorded as deferred financing costs and will be amortized over the life of the facility.

(Tabular amounts expressed in thousands of Canadian dollars)

5. Business acquisition (continued):

(d) Assets acquired and liabilities assumed:

		June 16, 2026
Cash	$	2
Accounts receivable		14,592
Prepaid expenses		511
Inventory		86
Right-of-use assets		2,732
Property, plant and equipment		2,902
Intangible assets		72,500
Recoverable decommissioning obligations		2,659
Net investment in subleases (current and non-current)		168,352
Accounts payable and accrued liabilities		(12,043)
Royalty payable to ML LP		(4,845)
Deferred revenue		(979)
Lease obligation		(171,226)
Decommissioning obligations		(2,659)
Deferred tax liability		(1,311)
Fair value of total net assets	$	71,273

(e) Goodwill:

Goodwill arising from the acquisition has been recognized as follows:

		June 16, 2026
Net purchase consideration	$	227,914
Fair value of total net assets		(71,273)
Goodwill	$	156,641

(f) Measurement of fair values:

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

- Accounts receivable, prepaid expenses, inventory, accounts payable and accrued liabilities, and royalty payable: no adjustments as fair value are approximated to net book values.
- Property, plant and equipment: no adjustment as fair value is approximated to net book value.
- Right-of-use assets: measured at the amount equal to the related lease liability, adjusted for favorable or unfavorable lease terms compared to current market conditions.
- Intangible assets: valued utilizing the multi-period excess earnings method ("MPEEM"). The MPEEM is a variation of the income approach and is an example of an incremental or excess cash flow method. Under MPEEM, the cash flow associated with the franchise agreements and supplier contracts are measured as the total cash flow generated less the cash flow generated by contributory assets. Contributory assets represent all of the assets (other than the franchise agreements and supplier contracts) that are required to operate a similar franchise business model. Contributory assets are comprised of both tangible assets and intangible assets. The contributory assets charges considered are net working capital, assembled workforce and fixed assets. Excess earnings were discounted using the appropriate risk-adjusted discount rate.

(Tabular amounts expressed in thousands of Canadian dollars)

5. Business acquisition (continued):

(f) Measurement of fair values (continued):

- Deferred revenue: present value technique based on the cashflows associated with the deferred revenue streams considering the costs that are required to fulfill the deferred revenue obligation.
- Net investment in subleases and lease obligation: present value of the remaining contractual lease payments using an incremental borrowing rate reflecting the credit characteristics of the Company at the acquisition date.
- Decommissioning obligations: present value technique based on expected reclamation and closure cash flows, inflation assumptions and discount rates reflecting the credit characteristics of the Company at the acquisition date.

If new information is obtained within one year of the date of Acquisition about facts and circumstances that existed at the date of Acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of Acquisition, then the accounting for the Acquisition will be revised.

6. Royalty income:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Mr. Lube LP[1]	$ 7,565	$ 9,001	$ 14,982	$ 16,121
Stratus[2]	2,410	2,294	4,799	4,674
BarBurrito	2,348	2,163	4,573	4,271
Cheba Hut[3]	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[4]	636	871	1,377	1,742
	$ 17,987	$ 17,697	$ 35,313	$ 33,185

1) Royalty income derived from Mr. Lube LP prior to the Acquisition on June 16, 2026 for the periods April 1 to June 15, 2026 and January 1 to June 15, 2026, respectively.
2) Stratus royalty income for the three and six months ended June 30, 2026 was US$1.7 million and US$3.5 million, respectively (2025 - US$1.7 million and US $3.3 million, respectively) translated at an average foreign exchange rate of $1.3843 to US$1 and $1.3779 to US$1, respectively (2025 - $1.3839 and $1.4091 to US$1, respectively).
3) Cheba Hut royalty income for the three and six months ended June 30, 2026 was US$1.3 million and US$2.3 million, respectively (2025 - US $156 thousand, respectively) translated at an average foreign exchange rate of $1.3843 to US$1 and $1.3779 to US$1, respectively (2025 - $1.3694 to US$1, respectively).
4) Refer to 11(d) for details regarding Sutton royalty income. Management fees from Sutton are not subject to royalty relief or deferral.

7. Franchise royalties and other income:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Franchise royalties	$ 1,459	$ -	$ 1,459	$ -
Licenses, marketing, and other income	1,238	-	1,238	-
Marketing fund contribution	805	-	805	-
Corporate store revenue	58	-	58	-
Mr. Lube + Tires	$ 3,560	$ -	$ 3,560	$ -
DIV management fees	136	151	292	302
Total franchise royalties and other income	$ 3,696	$ 151	$ 3,852	$ 302

(Tabular amounts expressed in thousands of Canadian dollars)

8. Royalty and other receivables:

	June 30, 2026	December 31, 2025
Trade receivables[1]	$ 14,860	$ -
Recoverable franchise development costs	1,177	-
BarBurrito	892	823
Stratus[2]	742	717
Oxford	659	620
AIR MILES®	654	564
Cheba Hut[3]	539	422
Mr. Mikes	491	355
Sutton	324	270
Other	15	22
Nurse Next Door	7	7
Mr. Lube LP[4]	-	2,782
Allowance for doubtful accounts	(605)	-
	$ 19,755	$ 6,582

1) Trade receivables related to Mr. Lube + Tires.
2) Stratus royalty receivable was US$0.6 million at June 30, 2026, translated at the period-end rate of $1.4196 to US$1 (December 31, 2025 - $0.5 million, translated at the year-end rate of $1.4384 to US$1).
3) Cheba Hut royalty receivable was US$0.4 million at June 30, 2026, translated at the period-end rate of $1.4196 to US$1 (December 31, 2025 – $0.3 million, translated at the year-end rate of $1.4384 to US$1).
4) Royalty receivable from Mr. Lube LP was prior to the Acquisition on June 16, 2026 for the periods April 1 to June 15, 2026 and January 1 to June 15, 2026, respectively.

9. Investment in subleases:

Investment in subleases - opening balance	$ -
Net investment in finance leases acquired in Acquisition	168,352
Additions	4,233
Ending balance	$ 172,585
Less: current portion	(8,309)
Long-term portion	$ 164,276

(a) Operating lease:

The Company is the lessor for three Mr. Lube + Tires franchisee store properties. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The following table summarizes the maturity of undiscounted operating lease payments receivable as at June 30, 2026:

2026	$ 120
2027	295
2028	298
2029	300
2030	204
2031 and thereafter	1,390
Total undiscounted operating lease receivable	$ 2,607

(Tabular amounts expressed in thousands of Canadian dollars)

9. Investment in subleases (continued):

(b) Finance lease:

Mr. Lube + Tires is the head lessee on franchisee store properties. These head leases are subject to sublease agreements with franchisees, under similar terms and conditions. The Company has classified the sublease as a finance lease as the subleases are in place during the term of the head lease. The following table summarizes the maturity of undiscounted finance lease payments receivable as at June 30, 2026:

2026	$	8,027
2027		17,829
2028		17,418
2029		16,754
2030		16,704
2031 and thereafter		216,858
Total undiscounted finance lease receivable	$	293,590

10. Investment in NND LP:

The Company's investment in NND LP is a financial instrument measured at fair value. 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 June 30, 2026 and December 31, 2025. The contractual cash flows receivable from Nurse Next Door were discounted at a rate of 16.9% (December 31, 2025 - 16.8%).

The total fair value of NND LP was $40.0 million (December 31, 2025 - $39.8 million) and a fair value gain of $2.9 million was recorded during the six months ended June 30, 2026 (2025 – fair value gain of $2.7 million). A one percentage point increase in the discount rate would decrease the fair value by $2.3 million (2025 - $2.5 million). A one percentage point decrease in the discount rate would increase the fair value by $2.7 million (2025 - $2.9 million).

11. Intangible assets:

	Mr. Lube + Tires	ML Rights	AIR MILES® Rights	SGRS Rights	MRM Rights	Oxford Rights	Stratus Rights[1]	BarBurrito Rights	Cheba Hut Rights[2]	Total
Balance, December 31, 2025	$ -	$ 186,193	$ 27,360	$ 22,108	$ 40,887	$ 41,351	$ 82,353	$ 108,674	$ 49,995	$ 558,920
Additions[(a,b)]	72,500	-	-	-	-	-	-	-	9,999	82,499
Foreign exchange	-	-	-	-	-	-	2,832	-	1,950	4,782
Amortization[(a)]	(371)	-	-	-	-	-	-	-	-	(371)
Impairment[(c,d)]	-	-	(696)	(7,195)	-	-	-	-	-	(7,891)
Balance, June 30, 2026	$ 72,129	$ 186,193	$ 26,664	$ 14,913	$ 40,887	$ 41,351	$ 85,185	$ 108,674	$ 61,944	$ 637,939

1) At June 30, 2026, the Stratus Rights were translated at the period-end rate of $1.4196 to US$1, giving rise to a $2.8 million foreign exchange gain recorded to other comprehensive income. At December 31, 2025, the Stratus Rights were translated at the year-end rate of $1.3724 to US$1, giving rise to a $4.0 million foreign exchange loss recorded to other comprehensive income.

2) At June 30, 2026, the Cheba Hut Rights were translated at the period-end rate of $1.4196 to US$1, giving rise to a $2.0 million foreign exchange gain recorded to other comprehensive income. At December 31, 2025, the Cheba Hut Rights were translated at the year-end rate of $1.3724 to US$1, giving rise to a $0.5 million foreign exchange gain recorded to other comprehensive income.

(a) Mr. Lube + Tires:

The Intangible assets acquired as part of the Acquisition consists of Mr. Lube + Tires franchise license agreements and supplier contracts. The franchise license agreements and supplier contracts have finite useful lives and are amortized on a straight-line basis over the remaining term of the underlying agreements. Management has determined the useful life of the franchise license agreements to range from 5 to 20 years. Amortization expense is recognized in the statement of profit or loss over the period of the benefit. The ML rights were not impaired after giving effect to the Acquisition.

(Tabular amounts expressed in thousands of Canadian dollars)

11. Intangible assets (continued):

(b) Cheba Hut Rights:

On April 1, 2026, Cheeb LP purchased a US$0.9 million annualized incremental royalty from Cheba Hut for US$7.2 million. The incremental royalty acquired from Cheba Hut of US$75,000 per month ("Incremental Cheba Hut Royalty") is effective April 1, 2026. In addition, on each adjustment date the royalty payable by Cheba Hut is automatically increased at a rate equal to the greater of 3.5% and the U.S. CPI + 1.5% per year without any further consideration payable by DIV or Cheeb LP.

(c) AIR MILES® Rights:

As per the Amendment, the Company will continue to own and control the AIR MILES® Rights beyond the end of the ten-year fixed royalty period and retains the ability to sell, license or otherwise monetize the rights thereafter. As a result, the AIR MILES® Rights continue to be classified as an intangible asset with an indefinite useful life and are not amortized. Given the determinable nature of the fixed royalty and payment term under the Amendment, the recoverable amount of the AIR MILES® Rights is expected to decline over the remaining term as the royalty payments are received. While the Company expects the AIR MILES® Rights to retain some residual value at the end of the fixed term, the extent of future monetization beyond January 31, 2036 is uncertain. Accordingly, the Company will assess the AIR MILES® Rights for impairment at each reporting date in accordance with IAS 36 as the Amendment progresses. Based on this impairment assessment, the Company recorded an impairment loss of $0.3 million and $0.7 million for the three and six months ended June 30, 2026, respectively.

(d) SGRS Rights:

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 (together the "Sutton Royalty Relief Agreement"). As a result of the Sutton Royalty Relief Agreement, at December 31, 2025, the Corporation concluded that the carrying amount for the SGRS Rights exceeded the recoverable amount and as a result, the Corporation recorded an impairment loss of $3.8 million in connection with the SGRS Rights for the year ended December 31, 2025.

As at June 30, 2026, due to the recent economic stresses on the Canadian real estate market, 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 and therefore, based on the impairment assessment performed, the Company concluded that the carrying amount for the SGRS Rights exceeded the recoverable amount and as a result, the Company recorded a further impairment loss of $7.2 million in connection with the SGRS Rights and also wrote off $0.2 million of uncollected royalty receivable to the statement of profit or loss. As at June 30, 2026, the pre-tax discount rate for the assessment over the SGRS Rights was 20.9% (2025 – 19.8%), and the terminal value growth rate used was 3% (2025 – 2.0%).

12. Property, plant and equipment

As at June 30, 2026, the Company had the following ROU assets, equipment and leasehold improvements:

Cost	ROU Assets	Buildings	Leasehold improvements	Signage	Equipment, Furnitures and Fixtures	Computer equipment	Total
Balance, December 31, 2025	$ 743	$ -	$ 157	$ -	$ 84	$ 33	$ 1,017
Additions - acquired from Acquisition	2,732	2,719	774	470	401	1,062	8,158
Balance, June 30, 2026	$ 3,475	$ 2,719	$ 931	$ 470	$ 485	$ 1,095	$ 9,175
Accumulated amortization							
Balance, December 31, 2025	$ 357	$ -	$ 71	$ -	$ 37	$ 26	$ 491
Additions - acquired from Acquisition	-	244	736	432	215	895	2,522
Depreciation	36	13	8	-	4	3	64
Balance, June 30, 2026	$ 393	$ 257	$ 815	$ 432	$ 256	$ 924	$ 3,077
Net book value, June 30, 2026	**$ 3,082**	**$ 2,462**	**$ 116**	**$ 38**	**$ 229**	**$ 171**	**$ 6,098**

(Tabular amounts expressed in thousands of Canadian dollars)

13. Accounts payable and accrued liabilities

		June 30, 2026		December 31, 2025
Trade payables	$	9,158	$	100
Franchise deposits		2,613		-
Accrued liabilities		2,591		372
Interest accrued on long-term debt		1,889		322
Salaries and employment benefits		1,144		440
Taxes payable		1,012		324
RSU obligation		652		306
Other		364		-
Mr. Lube + Tires consideration payable[1]		-		94
	$	19,423	$	1,958

1) Mr. Lube + Tires consideration payable relates to dividends payable to Mr. Lube LP for the 2025 addition of five net new locations to the royalty pool that were to be settled in DIV common shares on May 1, 2026 and which were fully extinguished on completion of the Acquisition. The gain on extinguishment of the payable was recorded to the statement of profit or loss.

14. Lease obligation:

The Company's lease obligations are initially measured at the present value of the lease payments that are not paid at the commencement date using the Company's incremental borrowing rate. After initial recognition, the lease liabilities are measured at amortized cost using the effective interest method. The Company's lease obligations consist of:

- DIV head office and Mr. Lube + Tires corporate office
- Mr. Lube + Tires corporate store
- Mr. Lube + Tires subleases to franchisees
- Other operating leases

Under the terms of the Acquisition and Lease Management Agreement, the ML Leases remain with Mr. Lube LP and are expected to be assigned to the Company over time in accordance with the Lease Management Agreement (refer to note 5). Notwithstanding the legal ownership of the ML Leases, Mr. Lube + Tires has determined that it controls the right to use the underlying leased assets and has assumed the related lease obligations. Accordingly, Mr. Lube + Tires has recognized the associated ROU assets and lease liabilities in accordance with IFRS 16. At the commencement date, lease liabilities are measured at the present value of lease payments not yet paid, discounted using DIV's incremental borrowing rate. All extension options have been included in the measurement of lease obligations where applicable. The annual lease obligations for the next five years and thereafter are as follows:

2026	$	8,306
2027		18,320
2028		17,920
2029		17,251
2030		17,071
2031 and thereafter		220,419
Total undiscounted lease obligations	$	299,287

(Tabular amounts expressed in thousands of Canadian dollars)

15. Redeemable non-controlling interest:

On June 16, 2026, in connection with the Acquisition, senior management of Mr. Lube + Tires were issued, in aggregate, a total of 12,000,000 Mr. Lube + Tires Class D preferred shares (issued in five separate series) (collectively, the “Class D Shares”), which are convertible into Mr. Lube + Tires Class B Common shares (“Class B Shares”) on a one-for-one basis. A portion of the Class D Shares convert to Class B Shares annually on October 1st of each year, subject to the continued employment of the holder and acceleration in whole or in part in certain circumstances (including in the event of a change of control of Mr. Lube + Tires and termination without cause of the holder). Class B Shares and Mr. Lube + Tires Class C Common shares (“Class C Shares”) are revalued annually in accordance with the terms of the shareholders agreement between Mr. Lube + Tires and its shareholders (the “Shareholders Agreement”), with the updated valuation taking effect on April 1. For the first three years following closing of the Acquisition, the Class B Shares and Class C Shares are valued at the greater of fair market value and $1.00 per share. The valuation is completed annually by a third-party certified business valuator and incorporates Mr. Lube + Tires forward-looking business plan.

Class B Shares and Class C Shares have the same entitlement to dividends as Mr. Lube + Tires Class A Common shares (“Class A Shares”). The Shareholders Agreement includes a mandatory sale feature, which requires holders of Class B Shares, Class C Shares and Class D Shares to sell such shares to DIV in the event of the cessation of their employment and upon other events of default and stated events under the Shareholders Agreement (each a “Triggering Event”). If a Triggering Event occurs, the amounts payable by DIV to such holders are payable in whole or in instalments ranging from 10 business days up to one year from the date of the Triggering Event, with the timing dependent on the nature of the departure. The Shareholders Agreement also provides holders of Class B Shares and Class C Shares with a put option beginning three years after closing of the Acquisition and continuing thereafter, allowing holders of such shares to sell up to 33%, 50% and 100% of their shares in years three, four and any time after year four, respectively. Because the Class B Shares, Class C Shares and Class D Shares contain contractual provisions that provide holders with liquidity rights and require disposition of the shares upon specified triggering events, such shares are therefore not solely residual equity interests. Management has concluded that the instruments are liability-classified and are accounted for as cash-settled share-based payment arrangements in accordance with IFRS 2.

16. Bank loans, net of deferred financing charges:

		June 30, 2026		December 31, 2025
Term loan facilities	$	314,623	$	183,770
Acquisition facility (refer to note 16(a))		38,377		21,116
		353,000		204,886
Less: current portion (refer to note 16(a),(b))		(15,044)		(9,137)
Long-term portion	$	337,956	$	195,749

(a) Acquisition facility:

The following table reconciles the Acquisition Facility to the carrying value as at June 30, 2026 and December 31, 2025:

Acquisition facility		June 30, 2026		December 31, 2025
Balance, beginning of period	$	21,116	$	(72)
Draws on Acquisition Facility		38,500		24,458
Deferred financing costs		123		(118)
Principal paydowns		(21,174)		(3,285)
Foreign exchange		(189)		133
Balance, end of the period	$	38,376	$	21,116
Less: current portion		-		(2,328)
Long-term portion	$	38,376	$	18,788

(Tabular amounts expressed in thousands of Canadian dollars)

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

(a) Acquisition facility (continued):

As at December 31, 2025, the Company had $22.0 million in combined US and Canadian dollars draws outstanding on its senior secured credit facility (the "Acquisition Facility"). Net of deferred financing fees, the Acquisition Facility had a carrying value of $21.1 million as at December 31, 2025, of which $2.3 million was classified as short-term.

On February 17, 2026, DIV used a portion of the net proceeds from the Debenture Offering (defined below, refer to note 17(b)) to voluntarily pay down the respective US$6.5 million and $12.4 million portions of its Acquisition Facility. On June 16, 2026, DIV drew $38.5 million on the Acquisition Facility to partially fund the Acquisition and is interest-only for twelve months and thereafter amortizes over a 60-month period, beginning June 16, 2027. As at June 30, 2026, $38.5 million remained outstanding on the Acquisition Facility (refer to subsequent events, note 26(b)).

Net of deferred financing fees, the Acquisition Facility is measured at amortized cost with a carrying value of $38.4 million as at June 30, 2026.

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

As at June 30, 2026, the Company had the following short and long-term loan facilities:

Term loan facilities	Interest rate[1]	Maturity date		Face value		Carrying value
OX LP term loan	CORRA + 2.25%	May 8, 2027		11,000		10,981
Strat-B LP term loan	SOFR + 2.11%	Nov 15, 2027		21,294		21,253
BARB LP term loan	CORRA + 2.80%	Apr 9, 2028		20,000		19,921
Cheeb LP term loan	SOFR + 2.61%	Jun 17, 2028		17,745		17,658
AM LP term loan	CORRA + 2.80%	Sep 30, 2029		7,200		7,133
SGRS LP term loan	CORRA + 2.80%	Sep 30, 2029		6,300		6,269
MRM LP term loan	CORRA + 3.30%	Dec 15, 2029		10,300		10,242
NNDH LP term loan	Prime + 0.40%	May 15, 2030		10,500		10,416
Mr. Lube Canada Ltd. term loan	CORRA + 3.55%	May 14, 2031		162,500		161,162
Mr. Lube Canada Ltd. revolver loan	CORRA + 3.55%	May 14, 2031		50,000		49,589
			$	316,839	$	314,624
Less: current portion[2]						(15,044)
Long-term portion					$	299,580

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) On May 14, 2026, Cheeb LP drew an incremental US$7.5 million on its credit facility, increasing the principal to US$12.5 million. The Company subsequently partially used the proceeds to pay down the US$5.0 million senior term credit facility in DIV, reducing the outstanding balance to $nil, effectively transferring the US$5.0 million loan from DIV to BarB LP.

As at June 30, 2026, the Company had the following operating lines of credit:

Operating lines of credit	Interest rate	Maturity date		Maximum available		Available for use
Mr. Lube Canada Ltd. revolver loan	CORRA + 3.55%	May 14, 2031	$	60,000	$	10,000
OX LP term loan	Prime + 0.75%	May 8, 2027		500		500
Strat-B LP term loan	SOFR + 2.11%	Nov 15, 2027		710		710
BARB LP term loan	CORRA + 2.80%	Apr 9, 2028		500		500
Cheeb LP term loan	SOFR + 2.61%	Jun 17, 2028		710		710
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
			$	64,920	$	14,920

As at June 30, 2026, the Company was in compliance with all financial covenants associated with its term loan facilities and operating lines of credit.

(Tabular amounts expressed in thousands of Canadian dollars)

17. Convertible debentures:

(a) 2027 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, subject to adjustment in certain circumstances.

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 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.

During the six months period ended June 30, 2026, an aggregate $3.4 million principal amount of 2027 Debentures were converted into 850,368 DIV common shares at the option of the holders of the 2027 Debentures. The carrying value of the liability component of the 2027 Debentures of $3.4 million in aggregate on conversion was reclassified to share capital and no previously recognized amounts in the reserve equity component of the 2027 Debentures were reclassified. No gain or loss was recognized in profit or loss upon conversion.

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

		June 30, 2026		December 31, 2025
Principal amount - 2027 Debentures	$	52,500	$	52,500
Debentures converted to common shares		(3,444)		-
Remaining principal - 2027 Debentures		49,056		52,500
Equity component		(3,074)		(3,074)
Unamortized deferred financing fees		(501)		(797)
Accretion on liability component		2,436		2,073
Carrying value - 2027 Debentures	$	47,917	$	50,702

(b) 2031 Convertible debentures:

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 "Debenture Offering"). 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 (the "Conversion Price"), subject to adjustment in certain circumstances. 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.

The 2031 Debentures are not redeemable on or before March 31, 2029. After March 31, 2029 and prior to March 31, 2030, the 2031 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 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.

(Tabular amounts expressed in thousands of Canadian dollars)

17. Convertible debentures (continued):

(b) 2031 convertible debentures (continued):

On or after March 31, 2030 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.

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. 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 components of the 2031 Debentures at $65.7 million and the equity components at $3.3 million. In addition, the Company incurred transaction costs of $3.3 million, of which $3.1 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 2031 Debentures, after deferred taxes of $0.9 million, respectively, was $2.5 million.

The following table reconciles the principal amount of the 2031 Debentures to the carrying value of the liability component:

	June 30, 2026	December 31, 2025
Principal amount - 2031 Debentures	$ 69,000	$ -
Equity component	(3,347)	-
Unamortized deferred financing fees	(2,900)	-
Accretion on liability component	270	-
Carrying value - 2031 Debentures	$ 63,023	$ -

18. Interest rate swaps:

The following table summarizes the interest rate swap agreements the Company has entered into as of June 30, 2026:

Term loan facilities	Effective date	Maturity date	Fixed interest rate	Notional amount
AM LP	Jan 30, 2025	Sep 30, 2026	5.94%	$ 3,850
BARB LP	Nov 2, 2023	Oct 4, 2026	7.21%	7,500
BARB LP	July 2, 2025	Oct 4, 2026	5.45%	7,500
MRM LP	Sept 27, 2024	Dec 29, 2026	6.32%	7,725
OX LP	Jan 17, 2025	May 1, 2027	5.19%	3,750
OX LP	Apr 28, 2025	May 3, 2027	4.78%	4,500
Strat-B LP	Jan 1, 2023	Nov 15, 2027	5.72%	15,971
CHEEB LP	Sept 15, 2025	Jun 17, 2028	5.97%	5,324
Mr. Lube Canada Ltd.[1]	June 16, 2026	May 1, 2027	6.49%	3,653
Mr. Lube Canada Ltd.[1]	June 16, 2026	May 3, 2027	6.13%	60,000
Mr. Lube Canada Ltd.	June 30, 2026	May 14, 2031	6.63%	61,920
Mr. Lube Canada Ltd.	June 30, 2026	May 14, 2031	6.65%	19,052

1) Swap transferred from ML LP to Mr. Lube Canada Ltd. at the same swap rate (excluding bank spread) and maturity date as part of a novation agreement dated June 16, 2026

(Tabular amounts expressed in thousands of Canadian dollars)

19. Exchangeable units and other:

The following table summarizes exchangeable units and other as at June 30, 2026 and December 31, 2025:

Exchangeable units and other	June 30, 2026	December 31, 2025
Mr. Lube + Tires Class B units	$ -	$ 935
Mr. Mike's Class B units	843	660
Mr. Mike's Class C units	842	660
BarBurrito minority interest	52	52
Oxford minority interest	33	33
	$ 1,770	$ 2,340
Less: current portion	-	(935)
Long-term exchangeable units and other	$ 1,770	$ 1,405

(a) ML Units:

The balance as at June 30, 2026 was $nil (December 31, 2025 - $0.9 million). The ML exchangeable units and other relate to 20% of the consideration payable to Mr. Lube LP for the 2025 addition of five net new locations to the royalty pool that were to be settled in shares on May 1, 2026 and which obligation was fully extinguished on completion of the Acquisition. The gain on extinguishment of the share consideration payable was recorded to the statement of profit or loss.

(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 statement of profit or loss.

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 June 30, 2026, the MRM Units were valued at $1.7 million (December 31, 2025 - $1.3 million) based on the DIV closing share price of $4.75 as at June 30, 2026 (December 31, 2025 - $3.72), multiplied by the total number of MRM Units of 355,032.

20. Contingent consideration:

The following table summarizes contingent consideration as at June 30, 2026 and December 31, 2025:

	June 30, 2026	December 31, 2025
Barb LP	$ 27,499	$ 29,398
MRM LP	3,771	3,558
	31,270	32,956
Less: current portion - Barb LP	(6,340)	(3,280)
Long-term portion	$ 24,930	$ 29,676

Contingent consideration consists of various promissory notes. 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. 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.

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") for an incremental royalty payment increase of $0.4 million per annum, effective March 1, 2026, in exchange for $3.3 million in consideration paid to BarBurrito, resulting in a corresponding reduction to the BarB LP promissory note.

(Tabular amounts expressed in thousands of Canadian dollars)

21. Income taxes:

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

	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Deferred income tax expense	$ (451)	$ 1,144	$ 729	$ 2,184
Current income tax expense	2,620	2,411	4,382	4,368
	$ 2,169	$ 3,555	$ 5,111	$ 6,552

The tax effect of temporary differences that gives rise to the net deferred tax liabilities as at June 30, 2026 and December 31, 2025 are as follows:

	June 30, 2026	December 31, 2025
Financing and share issuance costs	$ 452	$ 560
Convertible debentures	(1,003)	(270)
Other	(1,396)	(1,775)
Deferred revenue	(1,293)	-
Goodwill and intangible assets	(28,111)	(26,965)
Net deferred income tax liability	$ (31,351)	$ (28,450)

The deferred tax liability as at June 30, 2026 is largely associated with the temporary differences on the Company's goodwill and intangible assets, which have an undepreciated capital cost allowance of approximately $574.0 million (December 31, 2025 - $368.0 million). In addition, pursuant to NND LP's limited partnership agreement dated November 15, 2019, its undepreciated capital cost allowance of approximately $37.4 million at June 30, 2026 (December 31, 2025 - $37.9 million) is allocated to the Company for tax purposes.

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

22. 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):

The share-based compensation expense for RSUs vested for the three and six months ended June 30, 2026 was $0.2 million and $0.5 million, respectively (2025 - $0.2 million and $0.5 million, respectively) and $nil and $0.3 million, respectively for RSUs settled during the three and six months ended June 30, 2026 (2025 - $0.01 million and $0.01 million, respectively). There was also a $0.1 million gain and $0.1 million net loss, respectively recorded to stock base compensation expense related to the revaluation of cash settled RSUs for the three and six months ended June 30, 2026 (2025 - $0.1 million loss and $0.1 million net loss, respectively).

(Tabular amounts expressed in thousands of Canadian dollars)

22. Share-based compensation (continued):

(a) Restricted share units (RSUs) (continued):

The number of RSUs outstanding as at June 30, 2026 is as follows:

	2026	
	Number of RSUs	Weighted average fair value
Balance, beginning of period	519,653	$ 1.89
Granted	230,247	3.75
Dividends earned	21,307	4.28
Settled	(168,054)	4.01
Balance, end of period	603,153	$ 2.09

(b) Deferred share units (DSUs):

The share-based compensation expense for DSUs for the three and six months ended June 30, 2026 was $0.1 million and $0.1 million, respectively (2025 - $0.03 million and $0.2 million, respectively).

The number of DSUs outstanding as at June 30, 2026 is as follows:

	2026	
	Number of DSUs	Weighted average fair value
Balance, beginning of period	448,341	$ 2.90
Granted	124,280	4.69
Dividends earned	15,638	4.32
Balance, end of period	588,259	$ 3.32

(c) Share options:

The share-based compensation expense for the three and six months ended June 30, 2026 was approximately $0.1 million and $0.1 million, respectively related to share options vested (2025 - $0.1 million and $0.1 million, respectively). No share options were granted during the six months ended June 30, 2026 and 2025.

The following table summarizes the changes in the Company's share options during the six months ended June 30, 2026:

	2026	
	Number of options	Weighted average exercise price
Balance, beginning of period	3,263,889	$ 2.78
Exercised	(317,863)	2.91
Cancelled	(779,360)	2.92
Balance, end of period	2,166,666	$ 2.72

(Tabular amounts expressed in thousands of Canadian dollars)

23. Income per share:

	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Income for the period	$ 3,106	$ 9,020	$ 10,671	$ 17,013
Loss attributable to non-controlling interest	(35)	-	(35)	-
Income for the period attributable to shareholders of DIV - basic and diluted	$ 3,141	$ 9,020	$ 10,706	$ 17,013
Weighted average number of shares outstanding - basic (thousands)	172,139	168,695	171,456	167,913
Effective impact of dilutive securities (thousands):				
Share options	1,022	224	1,046	171
RSUs	603	762	672	823
DSUs	588	416	588	416
Exchangeable MRM units	355	355	355	355
Weighted average number of shares outstanding - diluted (thousands)	174,707	170,452	174,117	169,678
Income per share				
Basic	$ 0.02	$ 0.05	$ 0.06	$ 0.10
Diluted	$ 0.02	$ 0.05	$ 0.06	$ 0.10

24. 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.

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 10) is measured using Level 3 inputs.

(Tabular amounts expressed in thousands of Canadian dollars)

24. Financial instruments (continued):

The following table presents the carrying amounts of each category of financial assets and liabilities as at June 30, 2026:

As at June 30, 2026	Carrying value		Fair value hierarchy		
	FVTPL	Amortized cost	Level 1	Level 2	Level 3
Financial assets:					
Cash	$ -	$ 13,702	$ 13,702	$ -	$ -
Royalty and other receivables	-	19,755	-	19,755	-
Interest rate swap assets	487	-	-	487	-
Recoverable decommissioning obligation	-	2,659	-	-	-
Investment in preferred shares	11,714	-	-	-	11,714
Note receivable	-	1,503	-	1,503	-
Investment in subleases (current and non-current)	-	172,378	-	172,378	-
Investment in NND LP	39,970	-	-	-	39,970
	$ 52,171	$ 209,997	$ 13,702	$ 194,123	$ 51,684
Financial liabilities:					
Accounts payable and accrued liabilities	$ -	$ 19,423	$ -	$ 19,423	$ -
Long-term accrued liabilities	240	-	240	-	-
Decommissioning obligation	-	2,659	-	-	-
Redeemable non-controlling interest	22,978	-	-	-	22,978
Bank loans, net of deferred financing (current and non-current)	-	353,000	-	353,000	-
Contingent consideration (current and non-current)	-	31,270	-	31,270	-
Interest rate swap liabilities	583	-	-	583	-
Lease obligation (current and non-current)	-	175,761	-	175,761	-
Convertible debentures	-	63,023	63,023	-	-
Exchangeable units and other (current and non-current)	1,770	-	-	1,770	-
	$ 25,571	$ 645,136	$ 63,263	$ 581,807	$ 22,978

25. Segment reporting:

The Company has one business segment that relates to the acquisition of royalties and generation of royalty revenues and management fees and another business segment related to Mr. Lube + Tires. The following table summarizes the Company's business segments:

(000's)	DIV	Mr. Lube + Tires[1]	Adjustments	Total
For the six months ended June 30, 2026:				
Royalty income	$ 35,313	$ -	$ -	$ 35,313
Franchise royalties, license, fees and other income	292	3,560	-	3,852
Segment revenue	$ 35,605	$ 3,560	$ -	$ 39,165
Salaries and benefits	1,362	214	-	1,576
Share-based compensation	1,110	449	-	1,559
General and administration[2]	1,226	2,481	-	3,707
Professional fees	430	39	-	469
Corporate store expense	-	51	-	51
Marketing fund expense	-	740	-	740
Impairment	7,891	-	-	7,891
Interest expense on credit facilities	8,413	555	-	8,968
Other finance costs, net	2,450	12	-	2,462
Fair value adjustment on financial instruments	(4,150)	110	-	(4,040)
Segment income (loss) before income taxes	$ 16,873	$ (1,091)	$ -	$ 15,782
As at June 30, 2026:				
Non-current assets	$ 608,254	$ 679,460	$ (266,427)	$ 1,021,287
Total assets	$ 617,789	$ 723,968	$ (266,427)	$ 1,075,330
Non-current liabilities	$ 251,773	$ 401,369	$ -	$ 653,142
Total liabilities	$ 321,488	$ 441,058	$ -	$ 762,546

1) Mr. Lube + Tires' results are for the period from the Acquisition date, June 16, 2026 to the period end June 30, 2026.
2) Of the $2.6 million in acquisition-related costs recorded to general and administration expenses, $2.0 million are recorded to Mr. Lube + Tires.

26. Subsequent events:

(a) DIV bought deal public offering:

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").

(b) DIV full paydown of Acquisition Facility:

On July 7, 2026, DIV used partial net proceeds from the Equity Offering to make a full $38.5 million principal paydown on its outstanding Acquisition Facility, reducing the principal balance to $nil million. DIV had previously drawn on the Acquisition Facility to partially fund the Acquisition.

(c) OX LP amendment agreement**:**

On July 29, 2026, OX LP amended the terms of its credit agreement to extend the maturity date of the OX LP term loan from May 8, 2027 to July 29, 2029 and increase the bank spread from 1.95% to 2.50%.

(d) Strat-B LP amendment agreement**:**

On July 29, 2026, Strat-B LP amended the terms of its credit agreement to extend the maturity date of the Strat-B LP term loan from November 15, 2027 to July 29, 2029 and increase the bank spread from 2.0% to 2.50%.

(e) Partial conversion on 2027 Convertible Debentures**:**

On July 7, 2026 and July 9, 2026, $0.5 million and $0.01 million principal amounts, respectively, of 2027 Debentures were converted into 118,765 and 1,234 DIV common shares, respectively, at the option of the holders, reducing the outstanding principal to $48.6 million.