

# Dominion Lending Centres Inc.

## 2025 Annual Management's Discussion & Analysis





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This Management’s Discussion and Analysis (“MD&A”) contains important information about the results of operations of Dominion Lending Centres Inc. (“we”, “our”, or the “Corporation”) for the year ended December 31, 2025, as well as information about our financial condition and future prospects. We recommend reading this MD&A, which has been prepared as of March 24, 2026, in conjunction with the 2025 audited annual consolidated financial statements (“financial statements”). Our financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). Unless otherwise indicated, all amounts are presented in Canadian dollars.

When preparing our MD&A, we consider the materiality of information. Information is considered material if (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of our shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. We evaluate materiality with reference to all relevant circumstances, including potential market sensitivity.

The Corporation’s class A common shares (“Common Shares”) trade on the Toronto Stock Exchange (the “Exchange” or “TSX”) under the symbol “DLCG”. Continuous disclosure materials are available on our website at www.dlcg.ca, and on SEDAR+ at www.sedarplus.com.

### OVERVIEW OF OUR BUSINESS

The Corporation is a Canadian mortgage brokerage franchisor and mortgage broker data connectivity provider with operations across Canada.

The DLC Group consists of the Corporation and its three main subsidiaries, being:

- MA Mortgage Architects Inc. (“MA”);
- MCC Mortgage Centre Canada Inc. (“MCC”); and
- Newton Connectivity Systems Inc. (“Newton”).

The Corporation also holds an indirect 40% equity interest in a non-B20 lender, Heartwood Financial, LP (“Heartwood”). The Corporation is not responsible for Heartwood’s debts and Heartwood operates independently from the DLC Group. The investment in Heartwood is an equity-accounted investment.

The following is the corporate structure reflecting the material entities:



*Mortgage Brokerage Franchising (DLC, MA, and MCC)*

The DLC Group is Canada's leading network of mortgage professionals. The mortgage brokerage franchisor business of DLC is carried on under the DLC, MA, and MCC brands and has operations across Canada. The DLC Group's mortgage brokerage network includes over 9,000 agents and \$84.5 billion in mortgage origination during the year ended December 31, 2025 (\$67.4 billion for the year ended December 31, 2024). The DLC Group franchise model provides secure long-term relationships with mortgage professionals, and the Corporation provides training, technology, marketing, recruitment, and operational support to its franchises and brokers.

Mortgage professionals provide services related to property purchases, mortgage refinances and renewals, credit lines, and other borrowing needs. Mortgage professionals originate mortgages but do not themselves lend money. The Corporation's agent growth is achieved both organically through ongoing recruiting efforts and by acquisitions, with a strong pipeline for future growth opportunities.

*Newton Connectivity Systems Inc.*

Newton is a financial technology company which provides a secure all-in-one operating platform in Canada called Velocity. Velocity connects mortgage brokers to lenders and various third parties. It provides end-to-end services to automate the entire mortgage application, approval, underwriting, and funding process, along with additional services to assist brokers with the management of their daily operations and access to data resources.

The operating platform provides services through various lender- and broker-facing products. Lender-facing products provide encrypted exchange networks to connect brokers with lenders and third parties. These include web-based services connecting brokers on Velocity to lenders and third-party suppliers, which allow for direct and secure submission of mortgage applications and supporting documents to lenders, and underwriting platforms to deliver digital credit applications from brokers to lenders. Broker-facing products provide deal-management tools and services, including the ability to automatically manage the brokers' revenue and distributions through Velocity, with additional services to match lender-verified products to a client's criteria, and automation of the payroll process. Further, Newton provides services to third-party users through the Velocity platform, ranging from consumer credit reports to borrower banking information.

*Heartwood Financial, LP*

Heartwood is a non-B20 residential mortgage lender focused on what management believes to be an underserved segment of the Canadian residential housing market, utilizing common-sense lending policies. Heartwood operates independently from the Corporation and the Corporation is not responsible for Heartwood's debts. Heartwood's residential mortgage loans are offered exclusively through the DLC Group's network of brokers.

## USE OF NON-IFRS FINANCIAL PERFORMANCE MEASURES

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This MD&A includes certain non-IFRS financial measures which we use as supplemental indicators of our operating performance. These non-IFRS measures do not have any standardized meaning and therefore are unlikely to be comparable to the calculation of similar measures used by other companies, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS Accounting Standards. Non-IFRS measures are defined and reconciled to the most directly-comparable IFRS Accounting Standards measure within the Non-IFRS Financial Performance Measures section of this MD&A. Non-IFRS financial performance measures used in our MD&A include adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted EBITDA margin, adjusted net income, adjusted net earnings per share, and free cash flow attributable to common shareholders.

## 2025 FINANCIAL RESULTS

<i>(in thousands, except per share and KPIs)</i>	Three months ended Dec. 31,			Year ended Dec. 31,		
	2025	2024	Change	2025	2024	Change
<b>Revenues</b>	\$ 26,552	\$ 22,256	19%	\$ 96,274	\$ 76,753	25%
Income from operations	12,726	8,453	51%	43,334	29,516	47%
<b>Adjusted EBITDA</b> <sup>(1) (2)</sup>	13,979	10,248	36%	48,809	35,994	36%
Adjusted EBITDA margin <sup>(1) (2)</sup>	53%	46%	7%	51%	47%	4%
<b>Net income (loss)</b>	1,888	(138,755)	NMF <sup>(3)</sup>	24,837	(126,768)	NMF
Diluted earnings (loss) per Common Share	0.02	(2.63)	NMF	0.31	(2.58)	NMF
<b>Adjusted net income</b> <sup>(1)</sup>	10,543	3,021	249%	32,204	10,813	198%
Adjusted diluted earnings per Common Share <sup>(1)</sup>	0.13	0.05	160%	0.41	0.21	95%
Dividends declared per share	0.04	0.03	33%	0.15	0.12	25%
Cashflows from operating activities	4,145	10,333	(60%)	32,008	37,202	(14%)
Free cash flow attributable to common shareholders <sup>(1)</sup>	11,918	4,354	174%	38,806	14,884	161%

(1) Please see the Non-IFRS Financial Performance Measures section of this document for additional information.

(2) Adjusted EBITDA and Adjusted EBITDA margin includes a loss from our equity-accounted investment in Heartwood of \$0.4 million and \$1.4 million for the three months and year ended December 31, 2025, respectively.

(3) Percentage change is not a meaningful figure.

### Key Performance Indicators ("KPIs")

	Three months ended Dec. 31,			Year ended Dec. 31,		
	2025	2024	Change	2025	2024	Change
<b>Funded mortgage volumes</b> <sup>(1)</sup>	\$ 23.5	\$ 19.6	20%	\$ 84.5	\$ 67.4	25%
Number of franchises <sup>(2)</sup>	505	514	(2%)	505	514	(2%)
Number of brokers <sup>(2)</sup>	9,023	8,663	4%	9,023	8,663	4%
% of funded mortgage volumes submitted through Velocity <sup>(3)</sup>	85%	76%	9%	83%	73%	10%

(1) Funded mortgage volumes are presented in billions and are a key performance indicator that allows us to measure performance against our operating strategy.

(2) The number of franchises and brokers are as at the respective period end date (not in thousands).

(3) Representing the percentage of the DLC Group's funded mortgage volumes that were submitted through Velocity.

The number of brokers in our network increased by 4% over prior year to 9,023 primarily as a result of continued recruitment efforts. Franchise count decreased 2% due primarily to the departure of low-volume locations. Broker count is subject to seasonality, typically decreasing in the first quarter due to annual re-licensing requirements associated with attrition of less productive brokers.

The following are included in the above income from operations:

<i>(in thousands)</i>	Three months ended Dec. 31,			Year ended Dec. 31,		
	2025	2024	Change	2025	2024	Change
Direct costs	\$ 3,260	\$ 3,531	(8%)	\$ 11,105	\$ 10,821	3%
General and administrative	9,032	8,930	1%	35,926	31,549	14%
Share-based payments expense	492	276	78%	1,730	807	114%
Depreciation and amortization	1,042	1,066	(2%)	4,179	4,060	3%
<b>Operating expenses</b>	\$ 13,826	\$ 13,803	-	\$ 52,940	\$ 47,237	12%

Other (expense) income included in net income includes:

<i>(in thousands)</i>	Three months ended Dec. 31,			Year ended Dec. 31,		
	2025	2024	Change	2025	2024	Change
Finance expense	\$ (350)	\$ (552)	37%	\$ (1,481)	\$ (2,624)	44%
Finance expense on the Preferred Share liability	-	(144,503)	100%	-	(149,042)	100%
(Loss) income from equity-accounted investments	(386)	(76)	(408%)	(1,372)	251	NMF
Gain on sale of an equity-accounted investment	-	16	(100%)	1,362	697	95%
Non-cash impairment of an equity-accounted investment	-	-	-	-	(198)	100%
Other (expense) income	(8,552)	360	NMF <sup>(1)</sup>	(7,796)	2,111	NMF
<b>Other (expense) income, net</b>	<b>\$ (9,288)</b>	<b>\$ (144,755)</b>	<b>94%</b>	<b>\$ (9,287)</b>	<b>\$ (148,805)</b>	<b>94%</b>

(1) Percentage change is not a meaningful figure.

#### Fourth Quarter 2025 Financial Review

The DLC Group continued to generate strong results in the fourth quarter of 2025 with a 20% increase in funded mortgage volumes compared to Q4 2024. The continued strength in the mortgage renewal market and expansion in our broker network were the primary drivers of this performance. The top line growth was augmented by margins expansion, resulting in 36% Adjusted EBITDA growth in the fourth quarter.

- Revenue increased 19% from Q4 2024 to \$26.6 million, driven by a 20% increase in funded mortgage volume from Q4 2024, and an increase in Velocity adoption to 85% from 76% in Q4 2024. The growth in funded mortgage volume resulted from several different factors, including 4% growth in our broker network and continued strength in the Canadian residential mortgage renewal market.
- Revenue from Franchise and Brokering of Mortgages increased 18% year over year, while Newton revenue rose 23%. Beginning in the second quarter of 2025, revenue generated from a third-party supplier was reclassified from Franchise to Newton revenue. The fourth quarter impact was a \$0.3 million increase in Newton revenue and a corresponding \$0.3 million decrease in Franchise revenue.
- General and administrative expenses increased 1%, or \$0.1 million, compared to Q4 2024. The increase was due primarily to higher personnel and IT-related costs partly offset by the timing of advertising expenses related to event scheduling. On a percent-of-revenue basis, general and administrative expenses decreased to 34.0% from 40.1% in Q4 2024, driven by revenue growth outpacing expense growth as well as the timing of events.
- Direct costs decreased 8% over Q4 2024 from lower advertising fund expenditures due to timing of advertising initiatives and lower cost of royalty revenue. On a percent-of-revenue basis, direct costs declined to 12.3% in Q4 2025 from 15.9% in Q4 2024.
- Adjusted EBITDA grew 36% to \$14.0 million compared to Q4 2024, and Adjusted EBITDA margins increased to 53% compared to 46% last year. Adjusted EBITDA margins benefited from the strength of Newton revenue and higher Franchise revenue from higher funded volumes. Adjusted EBITDA for Q4 2025 includes a \$0.4 million loss from our equity-accounted investment in Heartwood, which began operations in Q2, 2025.
- During the fourth quarter, the DLC Group revised and restated four separate sales team consulting agreements, which amendments included the acquisition and termination of certain trailing commission entitlements. In connection with the trailer commission terminations, the Corporation made one-time payments to settle the outstanding trailer commission obligations. These payments were recorded in other expense as a loss on contract settlements totaling \$8.7 million for the quarter. Under the new agreements, the DLC Group expects to realize cost savings from the termination of trailer commissions and benefit from amended sales incentives that are better aligned with the Corporation's future growth objectives.
- Net income of \$1.9 million increased from a loss of \$138.8 million in Q4 2024 from a decrease in finance expense related to the Preferred Share liability and higher revenue, partly offset by \$8.7 million loss on contract settlements in Q4 2025 and a loss on equity-accounted investments. The prior year included \$144.5 million

expense from the difference between the fair value of the consideration granted for the Preferred Share Acquisition and the book value of the Preferred Shares. The Preferred Shares were acquired by the Corporation and cancelled in Q4 2024. The loss on equity-accounted investments includes a \$0.4 million loss on Heartwood.

- Adjusted diluted earnings per common share increased to \$0.13 in Q4 2025 up from \$0.05 in Q4 2024. Adjusted net income increased to \$10.5 million from \$3.0 million in Q4 2024 representing an increase of 249%, mainly due to higher revenue, strong margin performance, and no longer having Preferred Shareholders in 2025 or their related attributed income.
- Cash flow from operating activities decreased 60% to \$4.1 million from Q4 2024 levels primarily due to the \$8.7 million loss on contract settlements.
- Cash flow from operations, adjusted for the loss on contract settlements, coupled with full retention of free cash flow following the conclusion of Preferred Shareholder allocations, resulted in \$11.9 million in free cash flow attributable to common shareholders compared to \$4.4 million in Q4 2024, a 174% increase.
- The Corporation ended the quarter with adjusted total debt-to-EBITDA (on a trailing twelve-month basis) of 0.73x compared to 0.79x at the same period last year.
- The Corporation paid a dividend of \$0.04 per share on December 15, 2025, to shareholders of record on December 1, 2025.

### 2025 Annual Financial Review

The DLC Group delivered strong results in 2025, with revenue increasing 25% and Adjusted EBITDA rising by 36%. Throughout 2025, the DLC Group successfully executed on our strategic growth initiatives, namely brokerage and broker recruitment, adoption of Velocity by more brokers, and expanding our addressable market size while at the same time benefiting from a strong residential mortgage renewal market. In addition to revenue growth, a continued focus on profitability and financial discipline resulted in strong earnings growth, free cash flow generation, and balance sheet.

- Revenue increased 25% for the year ended December 31, 2025, to \$96.3 million, and was driven by a 25% increase in funded mortgage volume from 2024, as well as an increase in the adoption of Velocity to 83% from 73% in 2024. The strong funded mortgage volume growth was the result of an increase in the number of brokers in our network, internal initiatives to leverage Velocity to increase broker productivity, and growth in the renewal market.
- Revenue from Franchise and Brokering of Mortgages increased 18% while Newton revenue rose 46%. The change in classification of a third-party supplier revenue from Franchise to Newton positively impacted Newton revenue and in turn negatively impacted Franchise revenue by \$1.2 million in 2025. In addition to the impact from the reclassification, Franchise and Brokering of Mortgages revenue grew at a slower rate than funded mortgage volumes reflecting the influence of certain revenue components that do not directly correlate with funded mortgage volumes.
- General and administrative expenses increased 14% or \$4.4 million over 2024 levels, with the increase stemming from two brokerage acquisitions completed in Q2 2024, higher personnel and IT costs, and higher advertising expense due to the timing of events. On a percent-of-revenue basis, general and administrative expense declined to 37.3% from 41.1% in 2024. Direct costs increased 3% over 2024 to \$11.1 million.
- Adjusted EBITDA grew 36% to \$48.8 million compared to 2024 while Adjusted EBITDA margins increased to 51% from 47% last year. Adjusted EBITDA margins benefited from the strength of Newton and Franchise revenue as well as the decline in operating expenses as a percent of revenue. Adjusted EBITDA for 2025 includes a \$1.4 million loss from our equity-accounted investment in Heartwood, which commenced operations in Q2, 2025.
- As discussed above, the DLC Group revised certain sales team commission agreements in Q4 2025. The DLC Group expects to realize cost savings from the elimination of trailer commissions and to benefit from the sales incentives that are better aligned with the Company's future growth objectives. These settlement payments related to four separate transactions and were recorded in other expense as a loss on contract settlements totaling \$8.7 million for the year.

- Net income of \$24.8 million increased from a loss of \$126.8 million in 2024 due to the reduction of finance expense related to the Preferred Share liability, higher revenue, and a gain on sale of an equity-accounted investment, partly offset by an \$8.7 million loss on contract settlements, and a loss on equity-accounted investments. The prior year included a \$149.0 million expense from the difference between the fair value of the consideration granted for the Preferred Share acquisition and the book value of the Preferred Shares. The Preferred Shares were acquired and cancelled in Q4 2024. The loss on equity-accounted investments includes a \$1.4 million loss on Heartwood.
- Adjusted net income increased to \$32.2 million from \$10.8 million in 2024, or up 198%, mainly due to higher revenue, strong margin performance, and no longer having Preferred Shareholders in 2025 or their related attributed income.
- Cash flow from operating activities decreased 14% to \$32.0 million from 2024 levels, driven by an \$8.7 million loss on contract settlements and cash used in changes in non-cash working capital partly offset by higher income from operations.
- The strong cash flow from operations, coupled with full retention of free cash flow following the conclusion of Preferred Shareholder allocations, resulted in \$38.8 million in free cash flow attributed to common shareholders, compared to \$14.9 million in 2024.

## SUMMARY OF QUARTERLY RESULTS

Selected unaudited financial data published for our operations during the last eight quarters are as follows:

<i>(in thousands except per share amounts)</i>	<b>Dec. 31, 2025</b>	<b>Sept. 30, 2025</b>	<b>Jun. 30, 2025</b>	<b>Mar. 31, 2025</b>	<b>Dec. 31, 2024</b>	<b>Sept. 30, 2024</b>	<b>Jun. 30, 2024</b>	<b>Mar. 31, 2024</b>
Funded mortgage volumes <sup>(1)</sup>	<b>23.5</b>	23.5	21.1	16.4	19.6	19.7	16.9	11.2
Revenues	<b>\$26,552</b>	\$26,381	\$24,609	\$18,732	\$22,256	\$22,073	\$18,788	\$13,636
Income from operations	<b>12,726</b>	12,684	11,039	6,885	8,453	10,215	7,380	3,468
Adjusted EBITDA <sup>(2)</sup>	<b>13,979</b>	14,160	12,639	8,031	10,248	12,218	8,532	4,996
Net income (loss) <sup>(3)</sup>	<b>1,888</b>	8,956	7,726	6,267	(138,755)	5,271	4,085	2,631
Adjusted net income <sup>(2)</sup>	<b>10,543</b>	8,983	7,753	4,925	3,021	3,754	2,599	1,439
<b>Net income (loss) attributable to:</b>								
Common shareholders <sup>(3)</sup>	<b>1,833</b>	8,844	7,645	6,234	(138,980)	5,190	4,033	2,627
Non-controlling interests	<b>55</b>	112	81	33	225	81	52	4
<b>Adjusted net income attributable to: <sup>(2)</sup></b>								
Common shareholders	<b>10,488</b>	8,871	7,672	4,892	2,796	3,673	2,547	1,435
Non-controlling interests	<b>55</b>	112	81	33	225	81	52	4
<b>Net earnings (loss) per Common Share:</b>								
Basic	<b>0.02</b>	0.11	0.10	0.08	(2.63)	0.11	0.08	0.05
Diluted	<b>0.02</b>	0.11	0.10	0.08	(2.63)	0.11	0.08	0.05
<b>Adjusted net earnings per Common Share: <sup>(2)</sup></b>								
Diluted	<b>\$0.13</b>	\$0.11	\$0.10	\$0.06	\$0.05	\$0.08	\$0.05	\$0.03

(1) Funded mortgage volumes are presented in billions.

(2) Please see the Non-IFRS Financial Performance Measures section of this document for additional information.

(3) Net income for the three months ended December 31, 2024 includes \$144.5 million of non-cash finance expense on the Preferred Share liability (three months ended September 30, 2024 includes \$2.0 million expense, three months ended June 30, 2024 includes \$2.7 million expense, and three months ended March 31, 2024 includes \$0.2 million recovery).

### Quarterly trends and seasonality

Funded mortgage volumes are subject to seasonal variances that move in line with the normal home buying season, which is typically highest from June through September.

- Revenue increased slightly compared to Q3 2025 primarily due to an increase in royalty revenue.
- Income from operations increased from an increase in revenues partly offset by higher advertising fund expenditures due to timing of marketing initiatives. Adjusted EBITDA was relatively consistent compared to Q3 2025, from an increase in income from operations partly offset by lower other income.
- Net income decreased compared to Q3 2025 primarily due to loss on contract settlements.

## OUTLOOK

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The information in this section is forward-looking and should be read in conjunction with the Cautionary Note Regarding Forward-Looking Information section.

The DLC Group delivered strong performance in 2025, with revenue increasing 25% and Adjusted EBITDA increasing by 36%, despite a more challenging housing market environment. Canadian housing transactions declined 1.9% during the year; however, the Company benefited from strength in the mortgage renewal market and continued execution of our core strategic priorities. Throughout 2025, we focused on organic and inorganic recruitment, increasing market share through enhanced broker productivity, expanding adoption of our Velocity platform, and broadening our addressable market through new advertising channels and targeted marketing initiatives.

As we look ahead to 2026, we remain optimistic regarding the outlook for our company. The Canadian housing market is expected to improve as the year progresses, with an estimated 5.1% growth<sup>1</sup> in residential sales activity, supported by pent-up demand and improving affordability. In addition, we expect continued strength in the residential mortgage renewal market as the industry continues to benefit from the elevated borrowing volumes recorded during the pandemic period. Given our position as a leading participant in the Canadian residential mortgage broker market, with a network of over 9,000 brokers across the country, we are well positioned to continue to capitalize on renewal activity, consistent with our performance in 2025.

More importantly, we remain confident in our ability to continue to execute on our proven growth strategy, which has driven our success over the past 20 years and enabled us to reach \$84.5 billion in funded mortgage volumes in 2025, up 25% from 2024 and 64% since 2020. The key pillars of our long-term strategy continue to include: (i) recruitment of new brokers and franchise groups; (ii) increasing market share through enhanced broker productivity; (iii) expanding our addressable market by educating consumers on the benefits of working with a mortgage broker and (iv) pursuing strategic acquisitions.

Following the realignment of our sales team structure in the fourth quarter of 2025, we anticipate an active recruitment environment in 2026. We also expect continued market share gains as we further leverage the strong adoption of Velocity to increase broker productivity across our network. Velocity adoption reached 85% at the end of 2025 and is now well entrenched within our broker base. In addition, we will continue to refine and expand our highly successful Gold Rush initiative, which supports our brokers and franchises in strengthening relationships with existing clients throughout the full mortgage lifecycle, while enhancing their ability to attract new customers through consistent and targeted outreach.

As a leading participant in the Canadian residential mortgage broker market, we remain committed to educating Canadian consumers on the benefits of using a mortgage broker and increasing the overall market share of the broker channel. In 2025, we launched several new marketing initiatives, including increased investment in social media to engage younger demographics and first-time homebuyers. We expect to continue to build on these initiatives and introduce new marketing programs in 2026 to further enhance brand awareness and customer acquisition.

Lastly, our strong balance sheet positions us well to continue executing on strategic acquisitions and targeted investments. Our investment in Heartwood, a non-B20 lender, had a strong first year in 2025 with loan book growth in line with our expectations and a clear path toward profitability in 2026. We maintain an active acquisition pipeline and will continue to evaluate opportunities to expand our broker and franchise networks, enhance our technology capabilities and enter complementary market verticals.

While we remain mindful of macroeconomic uncertainty, we are confident in our ability to deliver continued profitable growth, supported by our national broker platform, leading technology infrastructure, disciplined capital allocation, and strong financial position.

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<sup>1</sup> Source: CREA 2026 Forecast For Home Sales Activity; January 15, 2026

## LIQUIDITY AND CAPITAL RESOURCES

### BALANCE SHEET SUMMARY

See the Liquidity section below for information on the changes in cash and working capital deficiency.

<i>(in thousands, except shares outstanding)</i>	As at	
	December 31, 2025	December 31, 2024
Cash	\$ 2,009	\$ 4,732
Working capital deficiency	(19,195)	(16,603)
Total assets	218,736	218,890
Total loans and borrowings <sup>(1)</sup>	34,647	35,894
Total non-current liabilities	38,134	44,406
Shareholders' equity	134,623	132,140
Common Shares outstanding	77,736,891	78,724,438

(1) Net of debt issuance and transaction costs.

### LIQUIDITY

<i>(in thousands, except shares outstanding)</i>	As at	
	December 31, 2025	December 31, 2024
Cash	\$ 2,009	\$ 4,732
Trade and other receivables	21,235	17,177
Prepaid expenses and deposits	2,845	2,267
Revolving loans and borrowings	(9,405)	(5,176)
Accounts payable and accrued liabilities	(29,843)	(29,522)
Current portion of term loans and borrowing	(5,152)	(5,152)
Current portion of deferred contract liability	(488)	(551)
Current portion of lease obligation	(396)	(378)
<b>Working capital deficiency</b>	<b>\$ (19,195)</b>	<b>\$ (16,603)</b>

Our principal sources of liquidity are cash generated from our business operations and borrowings under our credit facilities. Our primary uses of cash are for operating expenses, recruiting and support costs, debt repayment, and debt servicing costs. At this time, management expects to have sufficient liquidity to meet its short- and long-term objectives of meeting the Corporation's obligations as they come due.

Our capital strategy mirrors our business strategy with prioritization on ensuring sufficient liquidity to fund operations, service debt obligations, fund future recruiting opportunities, and drive organic revenue growth to increase free cash flow.

The increase in working capital deficit from the comparative period is primarily due to:

- A decrease in cash combined with an increase in amounts drawn on the Revolving Facility. Cash and amounts drawn on the Revolving Facility were used to fund the \$8.7 million loss on contract settlements, investments in intangible assets, contributions to equity-accounted investees, the acquisition of the remaining 30% of the issued shares in BFG that we did not already own, share repurchases, payments on long term debt, and dividends; and partly offset by
- Trade receivables increased due to timing of receipts.

Working capital may fluctuate from time to time based on seasonality or timing of the use of cash and cash resources to fund operations. The Corporation has credit facilities to support its operations and working capital needs and fluctuations. See the Capital Resources section.

As at December 31, 2025, we have several financial commitments (see Commitments under the Commitments and Contingencies section of this MD&A for further information), which will require that we have various sources of capital to meet the obligations associated with these commitments. The Corporation expects to have sufficient liquidity, and we expect that we will be able to fund these commitments through existing financing and cash flows from operations.

## SOURCES AND USES OF CASH

The following table is a summary of our consolidated statement of cash flows:

<i>(in thousands)</i>	Three months ended Dec. 31,		Year ended Dec. 31,	
	2025	2024	2025	2024
Cash provided by operating activities	\$ 4,145	\$ 10,333	\$ 32,008	\$ 37,202
Cash used in investing activities	(2,231)	(351)	(9,501)	(4,028)
Cash used in financing activities	(3,400)	(15,126)	(25,230)	(34,056)
Decrease in cash	(1,486)	(5,144)	(2,723)	(882)
Cash, beginning of period	3,495	9,876	4,732	5,614
<b>Cash, end of period</b>	<b>\$ 2,009</b>	<b>\$ 4,732</b>	<b>\$ 2,009</b>	<b>\$ 4,732</b>

### Operating activities

<i>(in thousands)</i>	Three months ended Dec. 31,		Year ended Dec. 31,	
	2025	2024	2025	2024
Cash flow provided by operating activities	\$ 4,145	\$ 10,333	\$ 32,008	\$ 37,202
Changes in non-cash working capital and other non-cash items	(421)	(2,000)	3,647	(4,929)
<b>Cash provided by operations excluding changes in non-cash working capital and other non-cash items</b>	<b>\$ 3,724</b>	<b>\$ 8,333</b>	<b>\$ 35,655</b>	<b>\$ 32,273</b>

#### Fourth Quarter

Cash from operating activities for the three months ended December 31, 2025, excluding non-working capital and other non-cash items, decreased primarily due to the loss on contract settlement partly offset by higher revenues and income from operations.

#### 2025 Annual Results

Cash from operating activities for the year ended December 31, 2025, excluding non-working capital and other non-cash items, increased primarily from higher revenues and income from operations driven by the increase in funded mortgage volumes.

### Investing activities

#### Fourth Quarter

The cash used in investing activities for the three months ended December 31, 2025 consisted primarily of \$1.8 million for the acquisition of the remaining 30% of the issued shares in BFG that we did not already own, and \$0.7 million of investments in intangible assets.

The cash used in investing activities for the three months ended December 31, 2024 consisted primarily of investments in intangible assets of \$0.6 million.

#### 2025 Annual Results

The cash used in investing activities for the year ended December 31, 2025 consisted primarily of \$4.0 million in contributions to equity-accounted investees (\$3.5 million related to Heartwood), \$6.6 million of investments in intangible assets, and \$1.8 million for the acquisition of the remaining 30% of the issued shares in BFG that we did not already own, which was partly offset by \$2.8 million in proceeds from the sale of an equity-accounted investment.

The cash used in investing activities for the year ended December 31, 2024 consisted primarily of investments in intangible assets of \$6.8 million, investments in business acquisitions of \$0.8 million (net of cash acquired), and contributions to equity-accounted investments of \$0.5 million, partly offset by proceeds on the sale of Impact of \$3.7 million and distributions from equity-accounted investments of \$0.3 million.

### Financing activities

#### Fourth Quarter

Cash used in financing activities for the three months ended December 31, 2025 consisted of \$3.1 million for dividends paid to common shareholders, \$0.2 million of distributions paid to non-controlling interests, \$0.5 million for shares purchased by the trust for the RSU plan, and lease payments of \$0.1 million, offset by net proceeds of \$0.6 million on term debt and revolving loans and borrowings (repayments of \$1.3 million on long term debt and \$1.9 million draw on the Revolving Facility).

Cash used in financing activities for the three months ended December 31, 2024 consisted primarily of cash consideration for the Preferred Share Acquisition of \$15.2 million, repayments on debt of \$1.3 million, dividends paid to the Preferred Shareholders of \$1.9 million, dividends paid to common shareholders of \$1.4 million, Common Shares purchased for the RSU Plan of \$0.2 million, and lease payments of \$0.1 million offset by \$5.2 million draw on revolving loans and borrowings.

#### 2025 Annual Results

Cash used in financing activities for the year ended December 31, 2025 consisted primarily of \$11.7 million for dividends paid to common shareholders, \$8.7 million for shares purchased under the NCIB and block share purchases, \$2.8 million for shares purchased by the trust for the RSU plan, net repayments on term debt and revolving loans and borrowings of \$1.0 million (repayments of \$5.2 million on long term debt and \$4.2 million draw on the Revolving Facility), \$0.3 million of transaction costs associated with the debt extension to 2030 and additional capacity on the Revolving Facility, \$0.4 million of distributions paid to non-controlling interests, and lease payments of \$0.4 million.

Cash used in financing activities for the year ended December 31, 2024 consisted primarily of cash consideration for the Preferred Share Acquisition of \$15.2 million, repayments on debt of \$9.4 million, dividends paid to the Preferred Shareholders of \$7.3 million, dividends paid to common shareholders of \$5.8 million, Common Shares purchased for the RSU Plan of \$1.0 million, and lease payments of \$0.5 million.

## CAPITAL RESOURCES

Our capital structure is composed of total shareholders' equity and loans and borrowings, less cash. The following table summarizes our capital structure.

<i>(in thousands)</i>	As at	
	December 31, 2025	December 31, 2024
Term loans and borrowings, net of debt issuance costs	\$ 25,242	\$ 30,718
Revolving loans and borrowings	9,405	5,176
Less: cash	2,009	4,732
Net loans and borrowings	\$ 32,638	\$ 31,162
Shareholders' equity	\$ 134,623	\$ 132,140

**Loans and borrowings**

<i>(in thousands)</i>	As at	
	December 31, 2025	December 31, 2024
<b>Revolving loans and borrowings</b>		
Revolving Facility	\$ 9,405	\$ 5,176
<b>Term loans and borrowings</b>		
Term Facility	\$ 25,758	\$ 30,910
Debt issuance costs	(516)	(192)
Total term loans and borrowings	\$ 25,242	\$ 30,718

The Corporation's loans and borrowings are composed of two senior credit facilities (collectively, the "Senior Credit Facilities"). The Senior Credit Facilities consist of a revolving working capital credit line (the "Revolving Facility") and a term loan ("Term Facility").

On February 18, 2025, the Senior Credit Facilities term was extended from December 19, 2026 to February 18, 2030, and the Revolving Facility increased from \$15.0 million to \$25.0 million.

On February 26, 2026, the Senior Credit Facilities term was extended from February 18, 2030 to February 26, 2031, and the Revolving Facility increased from \$25,000 to \$40,000.

Borrowings under the Senior Credit Facilities are composed of floating-rate advances or Term CORRA advances. Floating-rate advances bear interest at a rate equal to prime plus 0.00% to 0.50%. Term CORRA advances bear interest at a rate determined at the time of their renewal plus a credit fee of 1.75% to 2.25%.

Quarterly financial covenants for the Senior Credit Facilities include the requirement to maintain an adjusted total debt-to-EBITDA ratio less than 2.75:1.00 and a fixed charged coverage ratio greater than 1.10:1.00. At December 31, 2025, the Corporation's adjusted total debt-to-EBITDA ratio and fixed charge coverage ratio were 0.73:1.00 and 3.60:1.00, respectively, and as such, the Corporation was in compliance with all such covenants.

**SHARE CAPITAL**

As of March 24, 2026 and December 31, 2025, the Corporation had 77,736,891 Common Shares outstanding (December 31, 2024—78,724,438). As of March 24, 2026 and December 31, 2025, the Corporation had 701,300 and 581,700 Common Shares held in trust under the RSU Plan, respectively (December 31, 2024—265,258).

**RSU plan**

On April 15, 2024, the Corporation issued 421,444 RSUs to corporate board members and certain executives, which vest on April 15, 2027. On April 15, 2025, the Corporation issued another 335,234 RSUs to corporate board members and certain executives. The 2025 RSUs vest one-third on each of April 15, 2026, April 15, 2027, and April 15, 2028 for management and on April 15, 2028 for the independent board members. Pursuant to the RSU Plan, holders are entitled to receive additional RSUs in lieu of dividends on each dividend payment date. As such, for the year ended December 31, 2025, the Corporation issued an additional 11,480 RSUs in lieu of dividends.

On December 31, 2025, there were 776,510 RSUs issued and outstanding (December 31, 2024—429,796).

An independent trustee purchases Common Shares in the open market and holds such shares until completion of the vesting period. The Common Shares purchased in the open market are initially recorded as a reduction to Share Capital. The grant date fair value of RSUs is recognized over the vesting period as share-based compensation expense, with a corresponding increase to Contributed Surplus. Upon vesting of awards, the related Contributed Surplus is reclassified to Share Capital.

**Normal-Course Issuer Bid ("NCIB")**

The Corporation implemented an NCIB on June 5, 2025. The NCIB has a twelve-month duration, which commenced on June 5, 2025, and ends the earlier of June 4, 2026, or the date on which the maximum number of Common Shares that can be acquired pursuant to the NCIB are purchased. Under the NCIB, the Corporation may purchase up to 2,100,000 Common Shares, representing 2.5% of the issued and outstanding Common Shares at implementation. Pursuant to the rules of the TSX, the maximum number of Common Shares that the Corporation may purchase under the NCIB in any one day is 19,408, which is 25% of the average daily trading volume of the Common Shares on the TSX for the six-month period ended May 31, 2025 (the total average daily trading volume being 77,635 Common Shares). The Corporation may also make one block purchase per calendar week which exceeds such daily purchase restriction, subject to the rules of the TSX. Any Common Shares purchased pursuant to the NCIB will be cancelled by the Corporation. During the year ended December 31, 2025, the Corporation made repurchases under the NCIB of 278,300 Common Shares at an average price of \$9.10 per Common Share. The repurchased shares were cancelled and returned to treasury. The actual number of Common Shares purchased, and the timing of any such purchases, was determined by the Corporation and in accordance with the requirements of the Exchange. Purchases of Common Shares under the NCIB were completed using available working capital. Any shareholder may obtain, for no charge, a copy of the notice in respect of the NCIB filed with the Exchange by contacting the Corporate Secretary of the Corporation at 403-560-0821.

**Block share repurchase**

In addition to the shares repurchased and cancelled through the NCIB, the Corporation purchased 709,247 Common Shares of the Corporation for a purchase price of \$6,205,911 (being \$8.75 per share) pursuant to an issuer bid exemption. The shares were acquired for cancellation from a former employee.

**COMMITMENTS AND CONTINGENCIES****COMMITMENTS**

The following table summarizes the payments due in the next five years and thereafter in respect to our contractual obligations. See notes 9, 11, 12, and 23 of the financial statements for more information.

(in thousands)	Less than 1 year		1–3 years		4–5 years		After 5 years		Total
Accounts payable and accrued liabilities	\$	29,843	\$	-	\$	-	\$	-	\$ 29,843
Revolving loans and borrowings		-		-		9,405		-	9,405
Term loans and borrowings <sup>(1)</sup>		5,152		10,303		10,303		-	25,758
Leases <sup>(2)</sup>		449		206		54		-	709
	\$	35,444	\$	10,509	\$	19,762	\$	-	\$ 65,715

(1) Gross of debt issuance costs.

(2) Undiscounted lease payments.

**Contingencies**

In the normal course of operations, the Corporation may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings, and legal actions. The outcome of outstanding, pending, or future proceedings cannot be predicted with certainty. For claims where outcomes are not determinable, no provision for settlement has been made in the condensed consolidated financial statements.

**OFF-BALANCE SHEET ARRANGEMENTS**

We did not have any off-balance sheet arrangements as at March 24, 2026, or December 31, 2025.

## FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### FINANCIAL INSTRUMENTS

Our financial risk management policies have been established to identify and analyze risks that we face, to set appropriate limits and controls, and to monitor risks and adherence to limits. We employ strategies to ensure that risks and related exposures are consistent with our business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for our risk management framework, our management has the responsibility to administer risk management strategy and monitor the outcome.

We are exposed in varying degrees to a variety of risks from the use of financial instruments, which mainly include cash, trade and other receivables, loans and borrowings, investments, and trade payables and accrued liabilities. Because of the use of these financial instruments, we are exposed to risks including market risk, credit risk, and liquidity risk. This section describes our objectives, policies, and processes for managing these risks and the methods used to measure them.

### MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is composed primarily of interest rate risk.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are exposed to interest rate risk on our variable-rate loans and borrowings. A 1% change in the interest rates on the loans and borrowings would have had a \$0.1 million and \$0.3 million decrease of income before tax for the three months and year ended December 31, 2025, respectively (December 31, 2024—\$0.1 million and \$0.4 million decrease of income before tax).

### CREDIT RISK

Credit risk is the risk of financial loss to the Corporation if a counterparty to a financial instrument fails to meet its contractual obligations. The Corporation's credit risk is mainly attributable to its cash, and trade and other receivables.

The Corporation has determined that its exposure to credit risk on its cash is minimal as the Corporation's cash is held with financial institutions in Canada.

The Corporation's primary source of credit risk, therefore, relates to the possibility of franchisees, agents, or other customers not paying receivables. The Corporation manages its credit risk by performing credit risk evaluations on its franchisees and agents, and by monitoring overdue trade and other receivables. As at December 31, 2025, \$0.2 million of our trade receivables were greater than 90 days outstanding (December 31, 2024—\$0.3 million), and the provision for total expected credit losses as at December 31, 2025 was \$0.2 million (December 31, 2024—\$0.4 million). A decline in economic conditions, or other adverse conditions, could lead to reduced revenue and gross margin, and could impact the collectability of accounts receivable. The Corporation mitigates this risk by monitoring economic conditions and managing its customer credit risk.

The Corporation's maximum exposure to credit risk, as related to certain financial instruments identified in the table below, approximates the carrying value of the assets of the Corporation's condensed consolidated statements of financial position.

<i>(in thousands)</i>	December 31, 2025	December 31, 2024
Cash	\$ 2,009	\$ 4,732
Trade receivables, other receivables, and other assets	21,515	17,853
	<b>\$ 23,524</b>	<b>\$ 22,585</b>

## LIQUIDITY RISK

Liquidity risk is the risk that we will not meet our financial obligations as they fall due. We manage this risk by continually monitoring our actual and projected cash flows to ensure there is sufficient liquidity to meet our financial liabilities when they become due. See the Liquidity and Capital Resources section of this MD&A for further discussion on our liquidity risk.

The Corporation's objective when managing its capital is to safeguard its ability to continue as a going concern, so that it generates returns for shareholders, expands business relationships with stakeholders, and identifies risk and allocates its capital accordingly. There can be no guarantee that the Corporation will continue to generate sufficient cash flow from operations to meet required interest and principal payments. Further, the Corporation is subject to the risk that any of its existing indebtedness may not be able to be refinanced upon maturity or that the terms of such refinancing may not be as favorable as the terms of its existing indebtedness.

The credit facilities contain several financial covenants that require the Corporation to meet certain financial ratios and conditions tests. A failure to comply with the obligations in the credit facilities could result in a default which, if not cured or waived, may permit acceleration of the repayment of the relevant indebtedness. If the repayments under the credit facilities were to be accelerated, there can be no assurance that the assets of the Corporation would be sufficient to repay that indebtedness in full.

## BUSINESS RISKS AND UNCERTAINTIES

The following is a brief discussion of the factors which may have a material impact on our future business or financial performance. We are subject to several risks and uncertainties and those described below are not the only risks and uncertainties we face. Additional risks and uncertainties not currently known or which are currently deemed immaterial may also adversely impact future business or financial performance, and such impact may be material. Additional risk factors are also set out in our Annual Information Form dated March 24, 2026 (available on SEDAR+).

### **Canadian real estate market**

The performance of the DLC Group is dependent upon the number and quality of mortgage brokers working in the DLC Group's franchise network and by the number and volume of mortgages brokered by such brokers. The number of mortgage brokers is in turn ultimately dependent on the health of the Canadian real estate market and the level of transactions therein, particularly in the residential segment. The Canadian real estate market is affected by changes in general and local economic conditions such as: regulatory changes, inflation, interest rates, employment levels, availability and cost of financing for home buyers, competitive and market demand dynamics in key markets, the supply of available new or existing homes for sale, and overall housing prices. Any change in such factors may put downward pressure on the Canadian real estate market, the number of mortgage brokers, or the number and aggregate dollar value of mortgages brokered by them, any of which factors which could negatively impact the DLC Group franchisees and their ability to pay franchise fees to the DLC Group, and the amount of associated third-party revenues.

### **General economic variables**

The DLC Group's business, and the business of the franchisees and their mortgage brokers, are sensitive to general market and economic conditions in Canada and worldwide. These conditions include, among others, short-term and long-term interest rates, new regulations, inflation, fluctuations in debt and equity capital markets, levels of unemployment, consumer confidence, and the general condition of the Canadian, North American, and world economies. The Canadian residential real estate market also depends upon the strength of Canadian financial institutions, which are sensitive to changes in the general macroeconomic environment. Lack of available credit or lack of confidence in the financial sector could materially and adversely affect the DLC Group's business. Further, the Canadian real estate market is impacted by the number of immigrants and foreign workers allowed into Canada each year.

A host of factors beyond the DLC Group's control could cause fluctuations in these conditions, including the political (regulatory) environment, extent and duration of public health emergencies, and acts or threats of war or terrorism which could have a material adverse effect on the DLC Group's business.

#### **Impact of tariffs and other trade actions**

The United States has imposed import tariffs on goods from certain major trading partners, including Canada. Canada has imposed certain import tariffs on the United States and other trading partners. The first joint review of CUSMA by Canada, the United States and Mexico must be completed by July 1, 2026. Risks exist as of the date of this MD&A that: (i) the tariffs and retaliatory tariffs imposed to date will remain in place for an extended period; (ii) additional tariffs and retaliatory tariffs will be implemented between the United States and Canada or between the United States or Canada and other nations; (iii) other actions will be taken to restrict or tax the trade of goods between the United States and Canada or between the United States or Canada and other nations; and/or (iv) action will be taken to amend or terminate existing trade agreements, including CUSMA. The extent and/or duration of any tariffs, export restrictions, export taxes or other trade actions that have been implemented or may be implemented remains uncertain, but they may impact unemployment rates, inflation rates and increase volatility in exchange rates or interest rates or result in adverse changes in exchange rates or interest rates. In addition, any prolonged and broad-based tariffs, export restrictions, export taxes or other trade actions would be expected to have a substantial negative impact on overall economic activity and the financial markets in general. Any of these potential circumstances or impacts may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. The impact to the Corporation's business in relation to changes in United States and Canada's import tariffs remains uncertain. The impact of tariffs could vary depending on the broader economic landscape and how these changes affect the housing market and consumer spending.

#### **Franchisee bad debts**

DLC Group franchisees may suffer difficulties in paying their franchise fees and other obligations to the DLC Group in a timely manner or at all, including interest on unpaid amounts. Accounts receivable, and the allowance for doubtful accounts, may be significant. If franchisees were to default to a material extent on their franchise fees or other obligations, this could have a material adverse impact on the DLC Group.

#### **Adding DLC franchises / closure of DLC franchises**

The DLC Group's ability to grow its revenue depends in part upon the DLC Group's ability to execute upon its growth strategy and maintain and grow its network of franchises (and the ability of Franchisees to increase the number of mortgage brokers working at their franchises and to increase the number and volume of mortgages funded by each broker). If the DLC Group is unable to attract qualified franchisees and franchisees are unable to attract new mortgage brokers, the DLC Group may be adversely affected. The growth of the DLC Group's franchise network and the number of mortgage brokers is somewhat dependent upon available mortgage brokers in desirable locations.

The closure, failure, or downsizing of a franchise office will reduce the DLC Group's revenues. Closure of a franchise office could be the result of, among other things, an aging franchisee being unable to sell or transfer his or her existing business to a new owner, a downturn in the economy, or the closure or bankruptcy of a large industry in the city or town where the franchisee operates. Any one of the above-mentioned factors could result in the exit of mortgage brokers from the industry or to competitors thus reducing the DLC Group's revenues generated from mortgage fees.

#### **Dependence on key executives and succession**

The DLC Group's senior executives are instrumental in setting its strategic direction, operating its business, identifying, recruiting and training key personnel, identifying expansion opportunities and arranging necessary financing. Losing the services of any of these individuals could materially adversely affect the DLC Group's business until a suitable replacement is found.

The DLC Group's senior executives have been in the mortgage brokerage business for many years. If appropriate management succession arrangements are not put in place, the DLC Group could be adversely affected by the loss of the services of one or more of its senior executives.

**Lack of control over franchisees**

Franchisees are independent business operators and their mortgage brokers are independent contractors, and, as such, they are not employees of the DLC Group, and the DLC Group does not exercise control over their day-to-day operations. There is a risk that franchisees may not successfully operate a mortgage brokerage business in a manner consistent with industry standards, or may not affiliate with effective mortgage brokers. If the franchisees or their mortgage brokers were to provide diminished quality of service to customers, the DLC Group's image and reputation may suffer materially and adversely affect the DLC Group's results of operations. Additionally, franchisees and their mortgage brokers may engage or be accused of engaging in unlawful or tortious acts. Such acts, or the accusation of such acts, could harm the DLC Group's image, reputation and goodwill.

**Maintaining DLC's brand**

The DLC Group's results of operations and ability to grow are dependent in part upon its ability to maintain and enhance the value of the DLC Group brands and consumers' connection to the DLC Group brands and positive relationships with its franchisees. The DLC Group believes it has built the reputation of the DLC Group brands on highly-personalized relationships between the mortgage broker and their customers. Any incident that erodes consumer affinity for the DLC Group could significantly reduce its value and damage the DLC Group business.

For multi-location franchise businesses such as the DLC Group, the negative impact of adverse publicity relating to one broker, office, or a limited number of franchises may extend far beyond the broker, office, or franchise involved to affect some or all of the DLC Group's other mortgage brokers, offices, or franchises. The risk of negative publicity is particularly great because the DLC Group is limited in the extent to which its franchises and mortgage brokers can be regulated on a real-time basis.

**Changes to mortgage underwriting standards**

During the past several years, many lenders have tightened their underwriting standards. Underwriting standards could be further tightened as a result of changes in regulations, including regulations enacted to increase guarantee fees of federally-insured mortgages and/or to reduce the maximum loan limits on mortgage guarantees by the Canada Mortgage and Housing Corporation. More stringent mortgage underwriting standards could adversely affect the ability and willingness of prospective buyers to finance home purchases or to sell their existing homes, which would adversely affect the residential real estate industry and put downward pressure on the number of mortgage brokers operating in the industry, which would adversely affect the DLC Group.

**Changes to mortgage regulations**

Mortgage lending rules are regulated by the Government of Canada. In recent years the Canadian government has made various changes to tighten such rules. These changes and any further restrictions to mortgage lending rules may adversely affect the ability and willingness of prospective buyers to finance home purchases or to sell their existing homes. This in turn would adversely affect the residential real estate industry and put downward pressure on the number of mortgage brokers operating in the industry and negatively impact the DLC Group's business.

**Changes to foreign ownership laws**

The real estate industry is subject to laws and regulations governing the ownership, leasing, development, and taxation of real property. Future changes in federal, provincial, and municipal laws or regulations governing the ownership, leasing, development, and taxation of real property, including those relating to ownership by non-residents of Canada, could affect the market demand dynamics and the supply of available new or existing homes for sale, which may adversely impact the DLC Group's business.

**Changes to licensing regulations**

Increases to mortgage broker licence fees and/or the implementation of more stringent educational requirements will result in increased financial investments and timeframes required for prospective mortgage brokers to become licensed. If such developments materialize, they will create barriers to entry and put downward pressure on the number of new mortgage brokers entering into the industry, which would adversely impact the DLC Group's business.

**Complaints and litigation**

The DLC Group could from time to time be the subject of complaints or litigation from members of the public alleging poor service, misrepresentation, or other legal issues. The DLC Group could also be the subject of complaints or litigation from the franchisees or their mortgage brokers about franchise contract issues or other operational issues. Regardless of whether any claims against the DLC Group or a franchisee are valid, or whether either is ultimately held liable, claims may be expensive to defend and may divert time and money away from operations and hurt the DLC Group and/or the franchisees' performance. A judgment in excess of the DLC Group's or the franchisees' insurance coverage for any claims could materially and adversely affect their respective financial condition and results of operations. Adverse publicity resulting from such allegations may materially affect revenue to brokers and therefore to the DLC Group's franchise fees, whether the allegations are true or not, and whether or not the DLC Group or a franchisee is ultimately held liable.

**Information technology and systems**

The DLC Group's business and the business of the franchisees, including their ability to attract mortgage brokers, increasingly depends upon the use of sophisticated information technologies and systems (mobile and otherwise), including those utilized for communications, marketing, productivity, lead generation, transaction processing, business records keeping (employment, accounting, tax, etc.), procurement, call center operations, and administrative systems. The operation of these technologies and systems is dependent, in part, upon third-parties, systems and services, for which there are no assurances of continued or uninterrupted availability and support by the applicable third-party vendors on commercially reasonable terms. The DLC Group and the franchisees also cannot assure that they will be able to continue to effectively operate and maintain their information technologies and systems. In addition, the DLC Group's information technologies and systems are expected to require refinements and enhancements on an ongoing basis, and the DLC Group expects that advanced new technologies and systems will continue to be introduced. The DLC Group may not be able to obtain such new technologies and systems, or to replace or introduce new technologies and systems, as quickly as its competitors or in a cost-effective manner. Also, the DLC Group may not achieve the benefits anticipated or required from any new technology or system, and the DLC Group may not be able to devote financial resources to new technologies and systems in the future.

The DLC Group may be threatened by cyber-attacks, breaches of network, computer viruses or other security breaches, human errors, sabotage, or other similar events, which could have an adverse impact on its activities, including system disruptions or breakdowns, loss of data, or intellectual property theft. This could also have an adverse impact on financial performance and cause considerable damage to reputation and could potentially result in legal actions. If the DLC Group's information technology systems were to fail and were unable to recover in a timely way, the DLC Group might be unable to fulfill critical business functions, which could have a material adverse effect on its business, financial condition, and results of operations.

The DLC Group's ability to compete effectively depends in part on its ability to successfully evaluate, adopt and integrate new technologies, including artificial intelligence, automation and other digital advancements. The use of artificial intelligence and related technologies involves risks and uncertainties, as such initiatives may be costly, complex and difficult to implement or integrate, may require ongoing investment and may not deliver the expected operational or financial benefits. The effectiveness of artificial intelligence systems depends on the quality and integrity of underlying data, which may be incomplete, inaccurate or biased. The use of artificial intelligence also exposes the Corporation to evolving regulatory, legal, privacy, cybersecurity, intellectual property and reputational risks, including the risk that confidential or proprietary information is inadvertently disclosed or compromised.

The materialization of any of the risks described above could have a material adverse effect on DLC's business, financial condition, results of operations and cash flows.

**Breach of privacy laws / release of confidential information**

The DLC Group and the franchisees maintain significant private and confidential information regarding their customers and are dependent upon their operations and systems to keep all such information confidential. The intentional or unintentional release of customers' confidential private information by either the DLC Group or its franchisees could materially and adversely affect their respective financial condition and results of operations.

**Online product competition**

Internet-based mortgage brokerage businesses are becoming more prevalent in the United States. While none have commenced meaningful operations in Canada to date, innovation in the space is constant, and disruptive business models could draw consumers away from traditional mortgage brokerages and put downward pressure on the number of mortgage brokers operating in the industry, which would adversely affect the DLC Group.

**Ability to secure adequate financing**

The DLC Group may have ongoing requirements for capital to support its growth and may seek to obtain additional funds for these purposes through public or private equity, or through the incurrence of indebtedness. There are no assurances that the DLC Group will be able to secure additional funding on acceptable terms or at an acceptable level. The Corporation's liquidity and operating results may be adversely affected if its access to capital markets or other sources of financing is hindered, whether as a result of a downturn in market conditions generally or to matters specific to the Corporation.

**Common Shares sensitive to market fluctuations**

The market price of the Common Shares has been and may continue to be subject to wide fluctuations in response to factors such as actual or anticipated variations in its results of operations, changes in financial estimates by securities analysts, general market conditions, and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes, or international currency fluctuations, may adversely affect the market price of the Common Shares, even if the DLC Group is successful in maintaining revenues, cash flows, or earnings. This fluctuation in market price may adversely affect the Corporation's ability to raise additional funds through the issuance of Common Shares, which could have a material and adverse impact on its profitability, results of operations, and financial condition.

**Potential conflicts of interest**

Certain of our directors and officers are or may be, from time to time, involved in other financial investments and professional activities that may cause a conflict of interest with their duties to the Corporation. These include serving as directors, officers, advisors, or agents of other public and private companies, including companies involved in similar businesses to the Corporation or companies in which we may invest; managing investment funds; purchasing and selling securities; or investing and providing management counselling for other clients. Such conflicts may result in a material and adverse effect on our results of operations and financial condition.

**Dividend payment**

The payment of dividends is at the discretion of our Board, and is dependent upon, among other things, financial performance, debt covenants, solvency tests, our ability to meet financial obligations as they come due, working capital requirements, future tax obligations, future capital requirements, the Canadian real estate market, and other business and risk factors set forth in this document.

**Disclosure Controls and Procedures ("DC&P") and Internal Control Over Financial Reporting ("ICFR")**

Based on their inherent limitations, DC&P and ICFR may not prevent or detect misstatements, and even those controls determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation. Failure to adequately prevent, detect, and correct misstatements could have a material adverse effect on our business, financial condition, results of operations, cash flows, and our reputation.

## RELATED PARTY TRANSACTIONS

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties.

### Property leases

The Corporation leases office spaces from related companies controlled by Chris Kayat and Gary Mauris, who are key members of the Corporation's management. During the year ended December 31, 2025, the total costs incurred under these leases were \$0.3 million (December 31, 2024—\$0.3 million). On June 30, 2025, the lease terms were extended for an additional two years, now maturing in 2027.

The Corporation leases a condo in Toronto from a related company controlled by Chris Kayat and Gary Mauris, who are key members of the Corporation's management. During the year ended December 31, 2025, the total costs incurred under this lease was \$0.1 million (December 31, 2024—\$0.1 million). On June 30, 2025, the lease term was extended for an additional two years and now matures in 2027.

The expenses related to these leases are recorded in finance expense, depreciation and amortization expenses, and general and administrative expenses, and are paid monthly; as such, no amount remains payable within the Corporation's financial statements.

### Administrative services

The Corporation has entered into an agreement with a software development company to develop and support a customized mortgage application that is partly owned by key management of the Corporation (Chris Kayat and Gary Mauris). Total fees charged for services under this agreement for the year ended December 31, 2025 were \$1.0 million (December 31, 2024—\$0.9 million).

### Key management compensation

Key management personnel is composed of members of the Board of Directors and fifteen executives considered key management of the Corporation. Their compensation is as follows:

<i>(in thousands)</i>	Year ended December 31,	
	2025	2024
Salaries and benefits	\$ 5,352	\$ 5,437
Share-based payments expense	1,727	751
	\$ 7,079	\$ 6,188

## CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Corporation's financial statements requires management to make certain estimates, judgments, and assumptions that affect the amounts reported and disclosed in the financial statements and related notes. These include estimates that, by their nature, are uncertain, and actual results could differ materially from these estimates. The impacts of such estimates may require accounting adjustments based on future results. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Areas that require management to make significant estimates, judgments and assumptions are as follows.

### Intangible assets

For each class of intangible assets with finite lives, management must decide the period over which it will consume the assets' future economic benefits. The determination of a useful life period involves judgement, which could have an impact on the amortization charges recorded in the consolidated statements of income (loss).

Management has concluded that the DLC Group brand names have an indefinite useful life. This conclusion was based on many factors, including the Corporation's ability to continue to use the brand and the indefinite period over which the brand name is expected to generate positive cash flow. The determination that the brand has an indefinite useful life

involves judgement, which could have an impact on the amortization charges recorded in the consolidated statements of income (loss).

#### Impairment of goodwill and intangible assets

Goodwill and indefinite-life intangible assets are not amortized. Goodwill and indefinite-life intangible assets are assessed for impairment on an annual basis, or when indicators of impairment are identified, by comparing the carrying amount of each asset to its recoverable amount, which is calculated as the higher of the CGU's fair value less cost of disposal or its value in use. The Corporation applies the fair value less cost of disposal method. The fair value less cost of disposal is calculated using a discounted cash flow analysis, which requires management to make many significant assumptions, including those related to future operating plans, discount rates, and future growth rates.

Finite-life intangible assets are assessed for indicators of impairment at the end of each reporting period. If indicators of impairment exist, the Corporation assesses whether the carrying amount of the asset is considered recoverable. An impairment loss is recorded when the carrying value exceeds its recoverable amount, which is calculated as the higher of the asset's fair value less cost of disposal or its value in use. The Corporation applies the fair value less cost of disposal method. The fair value less cost of disposal is calculated using a discounted cash flow analysis, which requires management to make many significant assumptions, including those related to future operating plans, discount rates, and future growth rates.

#### Assessment of control and consolidation

In determining whether the DLC Group controls an investee, management exercises significant judgement in considering all relevant facts and circumstances, including the DLC Group's exposure or rights to variable returns, its ability to influence those returns through power over the investee, and the practical ability to direct the investee's relevant activities. Judgement is required particularly where voting rights are not clearly dominant, where decision-making rights are complex, or where the DLC Group holds potential voting rights or other contractual arrangements that require interpretation. Changes in these factors or in the structure of an investee may result in a reassessment of control, which could materially affect the scope of consolidation.

## ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements prepared for the year ended December 31, 2024.

## SELECTED ANNUAL FINANCIAL INFORMATION

The following table summarizes selected annual information for 2025, 2024, and 2023.

<i>(in thousands, except per share amounts)</i>	Year ended December 31,		
	2025	2024	2023
<b>Consolidated Statement of Income (Loss):</b>			
Revenues	\$ 96,274	\$ 76,753	\$ 62,517
Income (loss) attributable to Common Shareholders	24,556	(127,130)	43
Earnings (loss) per Common Share:			
Basic	\$ 0.31	\$ (2.58)	\$ -
Diluted	\$ 0.31	\$ (2.58)	\$ -
Dividends declared per share	\$ 0.15	\$ 0.12	\$ 0.12
<b>Consolidated Statement of Financial Position Data:</b>			
Total assets	\$ 218,736	\$ 218,890	\$ 218,107
Total long-term financial liabilities	\$ 38,134	\$ 44,406	\$ 143,816

**Comparative 2024 and 2023 years**

Revenues increased in the current year over the prior years from increased funded mortgage volumes and higher Newton revenues. Total assets remained relatively consistent in the current year over the prior years. Long-term financial liabilities decreased in 2025 from 2024 primarily from payments on long-term debt. Long-term financial liabilities decreased in 2024 compared to 2023 primarily from the Preferred Share acquisition in 2024.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION**

Certain statements in this document constitute forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as “anticipate,” “believe,” “estimate,” “will,” “expect,” “plan,” or similar words suggesting future outcomes or an outlook. Forward-looking information in this document includes, but is not limited to:

- The 2026 outlook and strategic objectives;
- our business plan and growth strategy;
- our expectation that the Canadian housing market will improve as the year progresses, supported by pent-up demand and improving affordability
- that there will be continued strength for mortgage renewal landscape in the years ahead and we are well positioned to continue to capitalize on renewal activity, consistent with our performance in 2025;
- our ability to continue to execute on our proven growth strategy including: (i) recruitment of new brokers and franchise groups; (ii) increasing market share through enhanced broker productivity; (iii) expanding our addressable market by educating consumers on the benefits of working with a mortgage broker and (iv) pursuing strategic acquisitions;
- continued market share gains as we further leverage the strong adoption of Velocity to increase broker productivity across our network;
- Heartwood will have loan book growth in line with our expectations and a clear path toward profitability in 2026;
- our expectation that the Corporation will continue to pay a quarterly dividend to common shareholders;
- management’s ability to adjust cost structures to improve liquidity and cash flow to meet their expectations to have sufficient liquidity to meet our obligations as they come due; and
- realize cost savings from the termination of trailer commissions and benefit from sales incentives that are better aligned with the Company’s future growth objectives.

Such forward-looking information is based on many estimates and assumptions, including material estimates and assumptions, related to the factors identified below that, while considered reasonable by the Corporation as at the date of this MD&A considering management’s experience and perception of current conditions and expected developments, are inherently subject to significant business, economic, and competitive uncertainties, and contingencies.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to:

- Tax rates and legislation;
- operating, general and administrative, and other costs;
- interest rates;
- general business, economic, and market conditions;
- impact and duration of tariffs or other trade actions;
- our ability to obtain services and personnel in a timely manner and at an acceptable cost to carry out our activities;
- The DLC Group’s ability to maintain its existing number of franchisees and brokers, and add additional franchisees and brokers;
- Newton’s ability to grow its connectivity platform submission volumes and number of third-party users;

- Canadian mortgage lending and mortgage brokerage laws and regulations;
- material changes in the aggregate Canadian mortgage lending marketplace;
- fees paid for mortgage brokerage services in Canada;
- regulatory framework for the Canadian housing and lending sectors;
- demand for the Corporation's products;
- the uncertainty of estimates and projections relating to future revenue, taxes, costs, and expenses;
- laws, regulations, or policies;
- the outcome of existing and potential lawsuits, regulatory actions, audits, and assessments; and
- other risks and uncertainties described elsewhere in this document and in our other filings with Canadian securities authorities.

Many of these uncertainties and contingencies may affect our actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, us. Readers are cautioned that forward-looking statements are not guarantees of future performance. All forward-looking statements made in this MD&A are qualified by these cautionary statements. The foregoing list of risks is not exhaustive. The forward-looking information contained in this document is made as of the date hereof and, except as required by applicable securities laws, we undertake no obligation to update publicly or revise any forward-looking statements or information, whether because of new information, future events, or otherwise.

## INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS

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The Corporation takes all necessary steps to ensure that material information regarding the Corporation's reports filed or submitted under securities legislation fairly presents the financial information of the Corporation. Management, including the Executive Chairman & Chief Executive Officer ("EC & CEO") and the Chief Financial Officer ("CFO") are responsible for establishing, maintain and evaluating disclosure controls and procedures ("DC&P") and internal controls over financing reporting ("ICFR"). Management has used the Committee of Sponsoring Organizations of the Treadway Commission Framework in Internal Controls – Integrated Framework (2013).

There are inherent limitations in all control systems, such that they can provide only reasonable – not absolute – assurance that all control issues, misstatement, or instances of fraud, if any, within the Corporation have been detected.

During the year ended December 31, 2025, there have not been any changes in the Corporation's ICFR that has materially affected or is reasonably likely to materially affect, the Corporation's ICFR.

### DC&P

DC&P are designed to provide reasonable assurance that the information required to be disclosed in documents filed or submitted under securities legislation are recorded, processed, summarized, and reported on a timely basis. Management (including the EC & CEO and CFO) have assessed the design and effectiveness of our DC&P as at December 31, 2025 and have concluded that our DC&P are effective.

### ICFR

Management (including the EC & CEO and CFO) has designed ICFR to provide reasonable assurance that the Corporation's financial reporting is reliable and that the Corporation's financial statement were prepared in accordance with IFRS Accounting Standards. In making its assessment, management has used the Committee of Sponsoring Organizations of the Treadway Commission Framework in Internal Controls – Integrated Framework (2013) to evaluate the design and effectiveness of internal controls over financial reporting. Based on our evaluation, management has concluded that our ICFR were effective as at December 31, 2025.

## NON-IFRS FINANCIAL PERFORMANCE MEASURES

### ADJUSTED EBITDA

Adjusted EBITDA is defined as earnings before finance expense, taxes, depreciation, amortization, and any unusual, non-operating, certain non-cash, or one-time items. The Corporation considers its main operating activities to be the business of mortgage brokerage franchising and mortgage broker data connectivity services across Canada, and management of its operating subsidiaries. Adjusted EBITDA margin is defined as adjusted EBITDA divided by revenue.

The non-cash adjustments are expenses incurred during the period which are not the result of the main operating activities of the Corporation or are related to the financing of these activities. Other expenses are unusual, non-cash, or one-time insignificant items included within "other income" on the consolidated statements of income that are not related to the main operating activities.

While adjusted EBITDA is not a recognized measure under IFRS Accounting Standards, management believes that it is a useful supplemental measure as it provides management and investors with an insightful indication of the performance of the Corporation. Adjusted EBITDA is an assessment of its normalized results and cash generated by its main operating activities, prior to the consideration of how these activities are financed or taxed, as a facilitator for valuation and a proxy for cashflow. Management applies adjusted EBITDA in its operational decision making as an indication of the financial performance of its main operating activities.

Investors should be cautioned, however, that adjusted EBITDA should not be construed as an alternative to a statement of cash flows as a measure of liquidity and cash flows. The methodologies we use to determine adjusted EBITDA may differ from those utilized by other issuers or companies and, accordingly, adjusted EBITDA as used in this MD&A may not be comparable to similar measures used by other issuers or companies. Readers are cautioned that adjusted EBITDA should not be construed as an alternative to net income determined in accordance with IFRS Accounting Standards as an indicator of an issuer's performance or to cash flows from operating, investing, and financing activities as measures of liquidity and cash flows.

The following table reconciles adjusted EBITDA from income before income tax, which is the most directly-comparable measure calculated in accordance with IFRS Accounting Standards:

<i>(in thousands)</i>	Three months ended Dec. 31,		Year ended Dec. 31,	
	2025	2024	2025	2024
<b>Income (loss) before income tax</b>	\$ 3,438	\$ (136,302)	\$ 34,047	\$ (119,289)
Add back:				
Depreciation and amortization	1,042	1,066	4,179	4,060
Finance expense	350	552	1,481	2,624
Finance expense on the Preferred Share liability	-	144,503	-	149,042
	<b>4,830</b>	<b>9,819</b>	<b>39,707</b>	<b>36,437</b>
Adjustments:				
Share-based payments expense	492	276	1,730	807
Gain on sale of equity-accounted investment	-	(16)	(1,362)	(697)
Loss on contract settlement	8,651	11	8,717	47
Other expense (income) <sup>(1)</sup>	6	158	17	(600)
<b>Adjusted EBITDA</b> <sup>(2) (3)</sup>	\$ <b>13,979</b>	\$ <b>10,248</b>	\$ <b>48,809</b>	\$ <b>35,994</b>

(1) Other expense (income) for the three months and year ended December 31, 2025, relates to foreign exchange loss. Other expense (income) for the three months and year ended December 31, 2024 relates to the reversal of the liquidation rights liability on the sale of Impact, impairment of equity-accounted investment, a loss on the disposal of an intangible asset, and foreign exchange loss.

(2) Amortization of franchise rights and relationships of \$1.4 million and \$5.2 million for the three months and year ended December 31, 2025, respectively (December 31, 2024 – \$1.2 million and \$5.1 million), is classified as a charge against revenue and has not been added back for adjusted EBITDA.

(3) Adjusted EBITDA includes a loss from our equity-accounted investment in Heartwood of \$0.4 million and \$1.4 million for the three months and year ended December 31, 2025, respectively.

## FREE CASH FLOW

Free cash flow represents how much cash a business generates after spending what is required to maintain or expand its current asset base. Free cash flow attributable to common shareholders represents the cash available to the Corporation for general corporate purposes, including: repayments on our credit facilities, investment in growth capital expenditures, return of capital to common shareholders through the repurchases of Common Shares and discretionary payment of dividends to common shareholders, and cash to be retained by the company. This is a useful measure that allows management and users to understand the cash available to enhance shareholder value.

The other adjustments are expenses incurred during the period which are not the result of the main operating activities of the Corporation, or are related to the financing of these activities. Other one-time items included within other expense adjustments are insignificant items included within "other (expense) income" on the condensed consolidated statements of income that are not related to the main operating activities.

While free cash flow is not a recognized measure under IFRS Accounting Standards, management believes that it is a useful supplemental measure as it provides management and investors with an insightful indication of the funds generated by the main operating activities that are available to the Corporation for use in non-operating activities. Free cash flow is determined by adjusting certain investing and financing activities. Investors should be cautioned, however, that free cash flow should not be construed as an alternative to a statement of cash flows as a measure of liquidity and cash flows. The methodologies we use to determine free cash flow may differ from those utilized by other issuers or companies and, accordingly, free cash flow as used in this MD&A may not be comparable to similar measures used by other issuers or companies. Readers are cautioned that free cash flow should not be construed as an alternative to net income determined in accordance with IFRS Accounting Standards as indicators of an issuer's performance, or to cash flows from operating, investing, and financing activities as measures of liquidity and cash flows.

The following table reconciles free cash flow from cash flow from operating activities, which is the most directly-comparable measure calculated in accordance with IFRS Accounting Standards:

<i>(in thousands)</i>	Three months ended Dec. 31,		Year ended Dec. 31,	
	2025	2024	2025	2024
<b>Cash flow from operating activities</b>	\$ 4,145	\$ 10,273	\$ 32,008	\$ 37,202
Changes in non-cash working capital and other non-cash items	(421)	(2,000)	3,647	(4,929)
<b>Cash provided from operations excluding changes in non-cash working capital and other non-cash items</b>	<b>3,724</b>	<b>8,273</b>	<b>35,655</b>	<b>32,273</b>
Adjustments:				
Distributions from equity-accounted investees	-	-	31	285
Maintenance CAPEX	(251)	(580)	(4,656)	(4,929)
Lease payments	(96)	(40)	(399)	(382)
Loss on contract settlement	8,651	11	8,717	47
NCI portion of cash provided from operations excluding changes in non-cash working capital	(116)	(285)	(559)	(596)
Other non-cash items <sup>(1)</sup>	6	343	17	(545)
	<b>11,918</b>	<b>7,722</b>	<b>38,806</b>	<b>26,153</b>
Free cash flow attributable to Preferred Shareholders	-	(3,368)	-	(11,269)
<b>Free cash flow attributable to common shareholders</b>	<b>\$ 11,918</b>	<b>\$ 4,354</b>	<b>\$ 38,806</b>	<b>\$ 14,884</b>

(1) Other non-cash items for the three months and year ended December 31, 2025 represent foreign exchange loss and promissory note income. The three months and year ended December 31, 2024 includes gain on disposal of an intangible asset, share-based payments, foreign exchange loss, and promissory note income.

## ADJUSTED NET INCOME AND ADJUSTED EPS

Adjusted net income and Adjusted EPS are defined as net income before any unusual or non-operating items such as foreign exchange, fair value adjustments, finance expense on the Preferred Share liability, adjusted net income from the Core Business Operations attributable to the Preferred Shareholders, and one-time non-recurring items. Other one-time items included within other expense adjustments are insignificant items included within "other (expense) income" on the condensed consolidated statements of income that are not related to the main operating activities.

While adjusted net income is not a recognized measure under IFRS Accounting Standards, management believes that it is a useful supplemental measure as it provides management and investors with an insightful indication of the operational performance of the Corporation by eliminating certain non-recurring items, adjusting for the net income attributable to the Preferred Shareholders, and excluding the finance expense on the Preferred Share liability. Management applies adjusted net income in its operational decision making as an indication of the results and cash generated by the main operating activities, after consideration of how these activities are financed and taxed. Adjusted net income is used to determine adjusted EPS (defined as adjusted net income attributable to common shareholders on a per-share basis).

Investors should be cautioned, however, that adjusted net income should not be construed as an alternative to net income determined in accordance with IFRS Accounting Standards as an indicator of an issuer's performance or to cash flows from operating, investing, and financing activities as a measure of liquidity and cash flows. The methodologies we use to determine adjusted net income may differ from those utilized by other issuers or companies and, accordingly, adjusted net income as used in this MD&A may not be comparable to similar measures used by other issuers or companies.

The following table reconciles adjusted net income from net income, which is the most directly-comparable measure calculated in accordance with IFRS Accounting Standards:

<i>(in thousands)</i>	Three months ended Dec. 31,		Year ended Dec. 31,	
	2025	2024	2025	2024
Net income (loss)	\$ 1,888	\$ (138,755)	\$ 24,837	\$ (126,768)
Adjustments:				
Gain on sale of equity-accounted investment	-	(16)	(1,362)	(697)
Finance expense on the Preferred Share liability	-	144,503	-	149,042
Loss on contract settlement	8,651	11	8,717	47
Other expense (income) <sup>(1)</sup>	6	158	17	(600)
Income tax effects of adjusting items	(2)	(43)	(5)	(72)
	<b>10,543</b>	5,858	<b>32,204</b>	20,952
Income attributable to Preferred Shareholders	-	(2,837)	-	(10,139)
<b>Adjusted net income</b>	<b>10,543</b>	3,021	<b>32,204</b>	10,813
Adjusted net income attributable to common shareholders	<b>10,488</b>	2,796	<b>31,923</b>	10,451
Adjusted net income attributable to non-controlling interest	<b>55</b>	225	<b>281</b>	362
<b>Diluted adjusted earnings per Common Share</b>	<b>\$ 0.13</b>	\$ 0.05	<b>\$ 0.41</b>	\$ 0.21

(1) Other expense (income) for the three months and year ended December 31, 2025 relates to foreign exchange loss. Other expense for the three months and year ended December 31, 2024 relates to the reversal of the liquidation rights liability on the sale of Impact, impairment of equity-accounted investment, loss on the disposal of intangible assets, and foreign exchange loss.