

# Dominion Lending Centres Inc.

## Audited Consolidated Financial Statements

For the years ended December 31, 2025  
& December 31, 2024



## INDEPENDENT AUDITOR'S REPORT

To the shareholders of Dominion Lending Centres Inc.

### Opinion

We have audited the consolidated financial statements of Dominion Lending Centres Inc. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of income (loss), consolidated statements of comprehensive income (loss), consolidated statements of equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

### Basis for opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key Audit Matter	How our audit addressed the key audit matter
<p><b>Revenue Recognition</b></p> <p>As described in Note 3 and 15 to the consolidated financial statements, the Group recognizes royalty income over time based on commissions earned from actual funded volumes of the franchises; monthly advertising and service fees are recognized at a point in time, based on the monthly amounts as per the franchise agreements. Connectivity revenue is accrued over time based on actual funded volumes or activity thresholds as they are fulfilled, with transaction prices based on rates outlined in each individual agreement.</p> <p>For the year ended December 31, 2025, the Group recognized revenue of \$96.3 million.</p>	<p>To test the appropriateness of revenue recognized, we performed the following:</p> <ul style="list-style-type: none"><li>• We evaluated the appropriateness of the Group's revenue recognition accounting policy and obtained an understanding of the Group's process for the initiation, processing, and recording of revenue transactions.</li><li>• We agreed a sample of revenue recognized to invoices, underlying agreements or third-party evidence, and cash receipts.</li><li>• We recalculated a sample of revenue recognized based on the underlying agreement.</li><li>• We confirmed a sample of revenue recorded and funded volumes directly with third parties through external confirmations.</li></ul>

Due to the significance of revenue to the Group's consolidated financial statements and the audit effort involved in testing revenue recognized during the year, revenue was determined to be a key audit matter.

- We evaluated the appropriateness and completeness of the related disclosures in Notes 3 and 15 to the consolidated financial statements

#### **Other information**

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

- Management's Discussion and Analysis

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

#### **Responsibilities of management and those charged with governance for the consolidated financial statements**

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

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

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

#### **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that

may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jeffrey Curtis Hodl.

The logo for Ernst & Young LLP is written in a black, cursive script font. The letters are connected and fluid, with a professional yet approachable feel.

Chartered Professional Accountants

Calgary, Alberta  
March 24, 2026

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars)

<b>As at December 31,</b>	<b>2025</b>		<b>2024</b>	
<b>Assets</b>				
<i>Current assets</i>				
Cash	\$	<b>2,009</b>	\$	4,732
Trade and other receivables (note 5)		<b>21,235</b>		17,177
Prepaid expenses and deposits		<b>2,845</b>		2,267
<b>Total current assets</b>		<b>26,089</b>		24,176
<i>Non-current assets</i>				
Trade receivables, other receivables, and other assets (note 5)		<b>280</b>		676
Investments		<b>246</b>		246
Equity-accounted investments (note 6)		<b>3,207</b>		2,048
Right-of-use and capital assets (note 7)		<b>1,416</b>		1,315
Intangible assets (note 8)		<b>125,412</b>		128,270
Goodwill (note 8)		<b>62,086</b>		62,159
<b>Total assets</b>	\$	<b>218,736</b>	\$	218,890
<b>Liabilities and Equity</b>				
<i>Current liabilities</i>				
Revolving loans and borrowings (note 11)	\$	<b>9,405</b>	\$	5,176
Accounts payable and accrued liabilities (note 9)		<b>29,843</b>		29,522
Term loans and borrowings (note 11)		<b>5,152</b>		5,152
Deferred contract liabilities (note 10)		<b>488</b>		551
Lease obligations (note 12)		<b>396</b>		378
<b>Total current liabilities</b>		<b>45,284</b>		40,779
<i>Non-current liabilities</i>				
Term loans and borrowings (note 11)		<b>20,090</b>		25,566
Deferred contract liabilities (note 10)		<b>111</b>		132
Other long-term liabilities		<b>-</b>		554
Lease obligations (note 12)		<b>1,169</b>		1,069
Deferred tax liabilities (note 19)		<b>16,764</b>		17,085
<b>Total liabilities</b>		<b>83,418</b>		85,185
<i>Equity</i>				
Share capital (note 13)		<b>363,579</b>		375,093
Contributed surplus		<b>14,067</b>		12,337
Deficit		<b>(243,023)</b>		(255,290)
<b>Total equity attributable to shareholders</b>		<b>134,623</b>		132,140
<b>Non-controlling interest</b>		<b>695</b>		1,565
<b>Total liabilities and equity</b>	\$	<b>218,736</b>	\$	218,890

The accompanying notes form an integral part of these financial statements.

Signed on behalf of the Board of Directors,

(signed)  
Gary Mauris, Director

(signed)  
Dennis Sykora, Director

**CONSOLIDATED STATEMENTS OF INCOME (LOSS)**  
(in thousands of Canadian dollars, except per share amounts)

<b>For the years ended December 31,</b>	<b>2025</b>		<b>2024</b>	
Revenue (note 15)	\$	<b>96,274</b>	\$	76,753
Direct costs		<b>(11,105)</b>		(10,821)
<b>Gross profit</b>		<b>85,169</b>		65,932
General and administrative expenses (note 16)		<b>35,926</b>		31,549
Share-based payments expense (note 14)		<b>1,730</b>		807
Depreciation and amortization (notes 7 and 8)		<b>4,179</b>		4,060
		<b>41,835</b>		36,416
<b>Income from operations</b>	<b>\$</b>	<b>43,334</b>	<b>\$</b>	29,516
<b>Other (expense) income</b>				
Finance expense (note 17)		<b>(1,481)</b>		(2,624)
Finance expense on the Preferred Share liability (note 25)		-		(149,042)
(Loss) income from equity-accounted investments (note 6)		<b>(1,372)</b>		251
Gain on sale of equity-accounted investment (note 6)		<b>1,362</b>		697
Non-cash impairment of equity-accounted investments		-		(198)
Other (expense) income (note 18)		<b>(7,796)</b>		2,111
		<b>(9,287)</b>		(148,805)
<b>Income (loss) before tax</b>	<b>\$</b>	<b>34,047</b>	<b>\$</b>	(119,289)
<b>Income tax expense</b> (note 19)				
Current tax expense		<b>(9,531)</b>		(6,583)
Deferred tax recovery (expense)		<b>321</b>		(896)
		<b>(9,210)</b>		(7,479)
<b>Net income (loss)</b>	<b>\$</b>	<b>24,837</b>	<b>\$</b>	(126,768)
<b>Attributable to:</b>				
Common Shareholders	\$	<b>24,556</b>	\$	(127,130)
Non-controlling interest	\$	<b>281</b>	\$	362
<b>Earnings (loss) per Common Share attributable to Common Shareholders</b> (note 20)				
Basic	\$	<b>0.31</b>	\$	(2.58)
Diluted	\$	<b>0.31</b>	\$	(2.58)

The accompanying notes form an integral part of these financial statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands of Canadian dollars)

<b>For the years ended December 31,</b>	<b>2025</b>		<b>2024</b>	
<b>Net income (loss)</b>	\$	<b>24,837</b>	\$	(126,768)
<b>Other comprehensive income (loss)</b>				
Items that will be subsequently reclassified to net income (loss):				
Foreign exchange translation income from equity-accounted investments (net of tax)		-		89
Cumulative loss arising on foreign exchange translation from equity-accounted investments reclassified to profit or loss		-		(681)
<b>Total other comprehensive loss</b>		-		(592)
<b>Comprehensive income (loss)</b>	\$	<b>24,837</b>	\$	(127,360)
<b>Attributable to:</b>				
Common Shareholders	\$	<b>24,556</b>	\$	(127,722)
Non-controlling interest	\$	<b>281</b>	\$	362

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF EQUITY  
(in thousands of Canadian dollars)

**Attributable to Shareholders of Dominion Lending Centres Inc.**

	Share capital	Contributed surplus	AOCI	Deficit	Total shareholders' equity	Non-controlling interest	Total equity
Balance at January 1, 2024	\$ 135,710	\$ 11,783	\$ 592	\$ (122,388)	\$ 25,697	\$ 252	\$ 25,949
Normal course issuer bid ("NCIB")	(9)	-	-	-	(9)	-	(9)
Change in Common Shares for Restricted share unit ("RSU") plan (note 13)	(1,032)	-	-	-	(1,032)	-	(1,032)
Share-based payments expense (note 14)	-	554	-	-	554	-	554
Net (loss) income and comprehensive loss	-	-	(592)	(127,130)	(127,722)	362	(127,360)
Non-controlling interest on acquisition	-	-	-	-	-	1,118	1,118
Common shares issued for Preferred Share Acquisition (note 25)	240,424	-	-	-	240,424	-	240,424
Dividends declared (note 13)	-	-	-	(5,772)	(5,772)	(167)	(5,939)
<b>Balance at December 31, 2024</b>	<b>\$ 375,093</b>	<b>\$ 12,337</b>	<b>\$ -</b>	<b>\$ (255,290)</b>	<b>\$ 132,140</b>	<b>\$ 1,565</b>	<b>\$ 133,705</b>
NCIB and block share repurchase (note 13)	<b>(8,737)</b>	-	-	-	<b>(8,737)</b>	-	<b>(8,737)</b>
Change in Common Shares for RSU plan (note 13)	<b>(2,777)</b>	-	-	-	<b>(2,777)</b>	-	<b>(2,777)</b>
Share-based payments expense (note 14)	-	<b>1,730</b>	-	-	<b>1,730</b>	-	<b>1,730</b>
Net income	-	-	-	<b>24,556</b>	<b>24,556</b>	<b>281</b>	<b>24,837</b>
Non-controlling interest acquired (note 4)	-	-	-	<b>(595)</b>	<b>(595)</b>	<b>(752)</b>	<b>(1,347)</b>
Dividends declared (note 13)	-	-	-	<b>(11,694)</b>	<b>(11,694)</b>	<b>(399)</b>	<b>(12,093)</b>
<b>Balance at December 31, 2025</b>	<b>\$ 363,579</b>	<b>\$ 14,067</b>	<b>\$ -</b>	<b>\$ (243,023)</b>	<b>\$ 134,623</b>	<b>\$ 695</b>	<b>\$ 135,318</b>

The accompanying notes form an integral part of these financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars)

<b>For the years ended December 31,</b>	<b>2025</b>		<b>2024</b>	
<b>Operating Activities</b>				
Net income (loss)	\$	24,837	\$	(126,768)
<i>Items not affecting cash:</i>				
Share-based payments expense (note 14)		1,730		554
Depreciation and amortization (notes 7 and 8)		4,179		4,060
Amortization of debt issuance costs (note 17)		(23)		160
Amortization of franchise rights (note 8)		5,243		5,079
Finance expense on the Preferred Share liability (note 25)		-		149,042
Deferred tax (recovery) expense (note 19)		(321)		896
Loss (income) from equity-accounted investments (note 6)		1,372		(251)
Gain on sale of equity-accounted investment (note 6)		(1,362)		(697)
Non-cash impairment of equity-accounted investment		-		198
Other non-cash items		328		560
Changes in non-cash working deficit (note 21)		(3,975)		4,369
<b>Cash provided by operating activities</b>		<b>32,008</b>		<b>37,202</b>
<b>Investing Activities</b>				
Investment in intangible assets (note 8)		(6,621)		(6,801)
Proceeds on disposal of intangible assets		39		108
Proceeds from the sale of equity-accounted investee (note 6)		2,800		3,710
Distributions from equity-accounted investees (note 6)		31		285
Contribution to equity-accounted investee (note 6)		(4,000)		(500)
Investment in business acquisitions, net of cash acquired (note 4)		(1,750)		(830)
<b>Cash used in investing activities</b>		<b>(9,501)</b>		<b>(4,028)</b>
<b>Financing Activities</b>				
Debt financing transaction costs (note 11)		(301)		-
Proceeds from Revolving Facility (note 11)		4,229		5,176
Repayment of debt (note 11)		(5,152)		(9,352)
NCIB and block share repurchases (note 13)		(8,737)		(9)
Shares purchased for RSU plan (note 13)		(2,777)		(1,032)
Payment of principal portion of lease liabilities (note 12)		(399)		(382)
Cash consideration for Preferred Share Acquisition, net of transaction costs		-		(15,221)
Distributions to non-controlling interest shareholders		(399)		(167)
Dividends paid to common shareholders (note 13)		(11,694)		(5,772)
Dividends paid to Preferred Shareholders		-		(7,297)
<b>Cash used in financing activities</b>		<b>(25,230)</b>		<b>(34,056)</b>
<b>Decrease in cash</b>		<b>(2,723)</b>		<b>(882)</b>
<b>Cash, beginning of period</b>		<b>4,732</b>		<b>5,614</b>
<b>Cash, end of period</b>	<b>\$</b>	<b>2,009</b>	<b>\$</b>	<b>4,732</b>
Cash flows include the following amounts:				
Interest paid	\$	1,433	\$	2,385
Interest received	\$	53	\$	379
Income taxes paid	\$	9,809	\$	3,228

The accompanying notes from an integral part of these financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars)

### 1. NATURE OF OPERATIONS

Dominion Lending Centres Inc. (the “Corporation” or “DLC”) is a Canadian mortgage brokerage franchisor and data connectivity provider with operations across Canada. The Corporation is listed on the Toronto Stock Exchange (the “Exchange”) under the symbol “DLCG”. The head office of the Corporation is located at 2215 Coquitlam Avenue, Port Coquitlam, British Columbia, V3B 1J6. The Corporation is governed by the Business Corporation Act (Alberta).

#### Entity overview

The DLC group of companies (the “DLC Group” or “DLCG”) consists of the Corporation and its three main subsidiaries:

	Ownership interest	
	December 31, 2025	December 31, 2024
MCC Mortgage Centre Canada Inc. (“MCC”)	100%	100%
MA Mortgage Architects Inc. (“MA”)	100%	100%
Newton Connectivity Systems Inc. (“Newton”)	100%	100%

The Corporation also holds an indirect 40% equity interest in a non-B2O 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.

### 2. BASIS OF PREPARATION

#### Statement of compliance

These audited consolidated financial statements (“financial statements”) of the Corporation have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). The accounting policies that follow have been consistently applied to all years presented. These financial statements were authorized for issuance by the Board of Directors on March 24, 2026.

### 3. MATERIAL ACCOUNTING POLICIES

The following are the accounting policies that management considers material to the users of the consolidated financial statements. Accounting policy information is considered to be material if its disclosure is needed for users to understand information provided about material transactions, other events, or conditions in the consolidated financial statements.

#### a. Basis of consolidation

The Corporation controls an entity when it is exposed to or has the rights to variable returns from its involvement with the investment and can affect those returns through its power over the investee. The existence and effect of voting rights are considered when assessing whether the Corporation controls another entity. Subsidiaries are fully consolidated from the date control is transferred to the Corporation and are deconsolidated from the date control ceases. All intercompany balances and transactions have been eliminated upon consolidation.

Non-controlling interests represent the minority interests in subsidiaries owned by outside parties. Non-controlling interests are measured at the proportionate share of net assets acquired plus their proportionate share of subsequent changes in equity, less distributions made to those entities.

#### b. Revenue

Revenue is recognized when a customer obtains control of goods or services. Determining the timing of the transfer of control, whether at a point in time or over time, requires judgement.

##### *Franchising revenue, mortgage brokerage services and Newton revenue*

Franchising revenue is earned by providing franchisees the nonexclusive right to operate a DLC Group franchise, which includes income from royalties, monthly advertising and service fees, and connectivity fees. Newton revenue is earned by providing users access to the Velocity platform, which includes connectivity fees and service fees from subscription fees from non-DLC Group brokers.

The Corporation may incur franchise agreement expenses prior to or concurrent with entering into franchise agreements, including payments to the franchisees. The payments to franchisees are capitalized on an agreement basis

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars)

and amortized over the same term as the agreements to which they relate. The amortization of these franchisee payments is recognized against revenue.

Royalty revenue is based on a percentage of the mortgage-related revenues earned by franchises or based on a percentage of the mortgage volume funded by the franchises. It is recognized over time based on commissions earned from actual funded volumes of the franchises.

Monthly advertising revenue is used to fund and manage ongoing advertising expenses. Monthly service revenue is used to cover certain operating costs such as insurance and brokers' industry association dues. Monthly advertising and service fees are recognized at a point in time, based on the monthly amounts as per the franchise agreements. These revenues are collected either immediately or are due within 15 days of month end.

Connectivity fee revenue relates to agreements made with certain lenders and suppliers to earn income based on the volume of mortgages funded or on activity with suppliers and vendors to earn income based on transactions of their services. Newton's connectivity revenues are earned through fees paid by lenders based on funded volumes of mortgages and third-party supplier fees on a transaction basis. Connectivity fee revenue is accrued over time based on actual volumes or activity thresholds as they are fulfilled, with transaction prices based on rates outlined in each individual agreement. Collection terms vary from monthly to annually, depending on the individual agreement, though a significant portion is due annually and is collected in the first four months of the following fiscal year.

### *Brokering of mortgages*

Commission income relates to income earned from the brokering of mortgages within the corporately-owned-and-operated franchises and is earned at a point in time when the mortgage deal has closed.

## **c. Intangible assets and goodwill**

### *Intangible assets*

Identifiable intangible assets acquired through a business combination are initially recorded at fair value and are carried at cost less accumulated amortization and any accumulated impairment losses. Identifiable intangible assets with finite useful lives are amortized on a straight-line basis over their estimated useful lives. The indefinite life intangible assets, which includes the DLC Group brand names, are tested for impairment annually, or more frequently if there is an indication that the intangible asset may be impaired. The indefinite life assumption is reviewed each reporting period to determine if it continues to be supportable. If the indefinite life assessment is no longer deemed supportable, the change in useful life is made from indefinite to finite. Any change is accounted for prospectively as a change in accounting estimates.

Intangible assets include franchise rights, franchisee non-competition agreements and relationships, broker networks, brand names, and software. Franchise agreements acquired through business combinations are amortized on a straight-line basis over their estimated economic life, which generally range from twenty to twenty-five years. Franchisee non-competition agreements and relationships consist of the cost of acquiring and renewing contracts with DLC Group franchisees and are amortized on a straight-line basis over the life of the related non-competition agreement, which generally range from one to ten years. Broker networks acquired through business combinations are amortized on a straight-line basis over their estimated economic life, which generally range from eight to ten years. Finite life brand names acquired through business combinations are amortized on a straight-line basis over their estimated economic life, which generally range from five to ten years.

Intangible assets acquired upon the initial acquisition of Newton relate to software products used in the mortgage brokerage industry. The software products are amortized on a straight-line basis over their respective useful lives, which ranges from three to eleven years.

The amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period and adjusted if appropriate. Any change is accounted for prospectively as a change in accounting estimates.

### *Goodwill*

Goodwill represents the excess of the purchase price over the fair value of the identifiable net assets acquired in a business combination at the date of acquisition. When goodwill is acquired through a business combination, for the

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars)

purposes of impairment testing it is allocated to and monitored at each cash-generating unit (“CGU”) or group of CGUs, which represents the smallest identifiable group of assets that generate cash inflows. After initial recognition, goodwill is carried at cost less any accumulated impairment losses.

### **d. Equity-accounted investments**

Equity-accounted investments are investments over which the Corporation has significant influence, or joint control through a joint venture, but not control. Generally, the Corporation is considered to exert significant influence when it holds at least a 20% interest in an entity. The financial results of the Corporation’s significantly-influenced investments and joint ventures are included in the Corporation’s consolidated financial statements using the equity method of accounting, whereby the investment is initially recognized at cost, and the carrying amount is then subsequently adjusted to recognize the Corporation’s share of earnings or losses of the underlying investment and dividends. If the Corporation’s carrying value in the equity-accounted investment is reduced to zero, further losses are not recognized except to the extent that the Corporation has incurred legal or constructive obligations or has made payments on behalf of the equity-accounted investee.

At the end of each reporting period, the Corporation assesses whether there is objective evidence that the investment is impaired. If the investment is considered impaired, the Corporation estimates its recoverable amount, and any difference is charged to the consolidated statement of income (loss).

### **e. Share-based payments**

#### *Restricted share units (“RSU”)*

RSUs are share-based payments awarded to directors and employees to be settled on vesting in cash or by the delivery of Common Shares acquired in the market. An independent trustee purchases Common Shares in the open market and holds such shares until completion of the vesting period. 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. The Common Shares purchased on the open market are initially recorded as a reduction to Share Capital. Upon vesting of awards, the related Contributed Surplus is reclassified to Share Capital.

### **f. Impairment**

Intangible assets with finite useful lives are assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually, or more frequently if an indicator for impairment exists. To assess for impairment, assets are grouped into CGUs, and an impairment loss is recorded when the carrying value exceeds its recoverable amount, which is calculated as the higher of the CGUs’ fair value less cost of disposal or its value in use. At the end of each reporting period, an assessment is made as to whether there is any indication that impairment losses previously recognized (other than those that relate to goodwill impairment) may no longer exist or have decreased. If such indications exist, the Corporation makes an estimate of the recoverable amount and, if appropriate, reverses all or part of the impairment. If an impairment is reversed, the carrying amount will be revised to equal the newly-estimated recoverable amount. The revised carrying amount may not exceed the carrying amount that would have resulted after taking amortization into account had no impairment loss been recognized in prior periods. The amount of any impairment reversal is recorded directly in the consolidated statement of income (loss).

### **g. Current and deferred taxes**

Current taxes are recognized with respect to amounts expected to be paid or recovered under the tax rates enacted at the end of the reporting period. Deferred tax is recognized on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated statements of financial position. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are recognized to the extent that it is probable that future profit will be available against which the deductible temporary differences can be utilized. They are reviewed at the end of the reporting period and, if necessary, reduced to the extent that it is no longer probable that sufficient profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are presented as non-current. They are offset when there is a legally-enforceable right to offset, and when they relate to income taxes levied by the same taxation authority on either the

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is calculated using tax rates that have been enacted at the end of the reporting period and are expected to apply when the related deferred tax asset is realized, or the deferred tax liability is settled. Deferred tax expense or recovery is recognized in net income and comprehensive income except to the extent that it relates to items recognized directly in other comprehensive income, in which case the applicable income tax is also recognized in other comprehensive income.

### **h. Use of estimates and judgments**

The preparation of these 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. Those include estimates that, by their nature, are uncertain, and actual results could differ materially from the 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 estimate is revised.

The areas which 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.

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### **i. Financial instruments: classification and measurement**

The Corporation considers the following fair value hierarchy in measuring the fair value of the financial instruments presented in the Corporation's consolidated statements of financial position. The hierarchy reflects the significance of the inputs used in determining the fair values of the Corporation's financial instruments.

- i. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- ii. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- iii. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI"). All of the Corporation's financial assets are measured at amortized cost other than its investments, which are measured at FVTPL. Upon initial recognition, a financial liability is classified as measured at amortized cost or FVTPL. All of the Corporation's financial liabilities are measured at amortized cost.

For those financial assets measured at amortized cost, an allowance for doubtful accounts is required to be determined using a forward-looking expected credit loss ("ECL") model. The Corporation applies the simplified approach in estimating the ECL for all its trade and other receivables, under which the lifetime ECLs are measured and recognized upon initial recognition of the receivable. Credit losses are measured at the present value of all expected cash shortfalls over the life of the asset.

The fair value of trade receivables, other receivables, and other assets, and of accounts payable and accrued liabilities approximate their carrying value due to the short-term nature of these financial instruments.

### **j. Recent accounting pronouncements**

#### *IFRS 18 Presentation and Disclosure in Financial Statements*

In April 2024, IFRS Accounting Standards issued "IFRS 18 Presentation and Disclosure in Financial Statements". IFRS 18 replaces "IAS 1 Presentation of Financial Statements" and sets out requirements for the presentation and disclosure of information in general purpose financial statements. The standard applies to annual reporting periods beginning on or after January 1, 2027 and is to be applied retrospectively, with early adoption permitted. We have not yet adopted this standard and are currently assessing its impact on our consolidated financial statements.

#### *IFRS 9 and IFRS 7 – Financial Instruments*

The IASB has issued amendments to "IFRS 9 Financial Instruments" and "IFRS 7 Financial Instruments: Disclosures", which are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The amendments clarify certain aspects of the classification and measurement of financial instruments and introduce additional disclosure requirements related to an entity's financial instruments and risk exposures. We have not yet adopted this standard and are currently assessing its impact on our consolidated financial statements. Based on the assessment performed to date, the adoption of these amendments is not expected to have a material impact on the financial position or results of operations.

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### 4. ACQUISITIONS

#### Broker Financial Group Inc. acquisition

2025

On October 15, 2025, the Corporation acquired the remaining 30% of the issued shares in Broker Financial Group Inc. (“BFG”) that it did not already own for consideration of \$1,750 cash. BFG has two wholly-owned subsidiaries, Real Mortgage Associates Inc., which is a mortgage brokerage, and Broker One Inc., which is a mortgage brokerage network. The transaction was funded with cash on hand and available capacity on the Corporation’s Revolving Facility.

In conjunction with the acquisition, the prior obligation to pay the former shareholders \$500 in earn-out consideration was terminated. The fair value of the earn-out consideration on termination was \$403. The non-controlling interest book value as of the date of acquisition was \$752. The transaction was accounted for as an equity transaction, resulting in a \$595 addition to deficit with no changes to goodwill.

The Corporation had a call option to purchase the non-controlling interest any time after January 1, 2029, based on a set formula used to determine the transaction price. The fair value of the call option (\$74) was derecognized and recognized as a loss in other (expense) income.

2024

On June 14, 2024, the Corporation acquired a 70% interest of the issued shares in BFG for consideration of \$3,000 cash and a \$500 earn-out consideration. The Corporation acquired BFG because it enlarges the Corporation’s mortgage brokerage network.

The \$500 earn-out consideration was due any time prior to December 31, 2027 if BFG achieved certain funded mortgage volume targets. The \$392 amount recognized as of the acquisition date represents the probability-weighted present value of the earn-out payment (Level 3). The range of outcomes is either \$nil or \$500, contingent on achieving funded mortgage volume targets.

The Corporation accounted for the acquisition of BFG as a business combination, following the acquisition method, whereby the assets acquired and liabilities assumed have been recognized at their estimated fair values.

Details of the purchase consideration, net assets acquired, and goodwill are as follows:

Cash paid	\$	3,000
Contingent consideration		392
Tax indemnity <sup>(1)</sup>		(149)
Less: Call option		(74)
Total purchase consideration		3,169
Cash	\$	1,815
Trade and other receivables		219
Prepaid expense and other assets		86
Intangible assets		3,190
Accounts payable and accrued liabilities		(1,768)
Contract liabilities		(282)
Deferred tax liabilities		(845)
Net identifiable assets acquired		2,415
Less: Non-controlling interest		(725)
Add: Goodwill		1,479
	\$	3,169

(1) The Corporation is indemnified for pre-acquisition taxes payable. An adjustment has been made for pre-acquisition taxes owed.

The excess of the purchase price over the net tangible and identifiable assets acquired and liabilities assumed were recorded as goodwill. Goodwill is attributable to expected revenue and cost synergies to arise as the result of the acquisition. Goodwill is not tax deductible.

The valuation techniques used for measuring the fair value of material assets acquired were the ‘relief from royalty’ method

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for brand name intangibles and the ‘multi-period excess earnings’ method for broker network intangibles. The ‘relief from royalty’ method values the intangible assets based on the present value of the after-tax royalty payments that are expected to be avoided as a result of the brand name being owned. The ‘multi-period excess earnings’ method values the intangible assets based on the present value of incremental after-tax cash flows that are attributable only to the broker network after deducting any contributory asset charges. This approach requires management to make estimates and assumptions about revenue, operating costs, broker attrition rates, discount rates, and perpetual growth rates (level 3 within the fair value hierarchy). Future cash flows are based on management’s projections for a five-year period with a perpetual growth rate applied thereafter. The discount rate is based on comparable companies operating in similar industries.

As at December 31, 2024, the Corporation had the ability to purchase the non-controlling interest any time after January 1, 2029 based on a set formula used to determine the transaction price. The call option was valued using an option pricing model with the key inputs being revenue, growth, margin, and market multiple.

From the date of acquisition to December 31, 2024, BFG contributed revenues of \$1,109 and net income of \$319 to the Corporation. If the acquisition had occurred on January 1, 2024, consolidated revenues and consolidated net income for the year ended December 31, 2024 would have been \$1,080 and \$450 higher, respectively. This pro forma information is not necessarily indicative of the results of operations that would have resulted had the acquisition been effective on the date indicated, or of future results.

During the year ended December 31, 2024, the Corporation also completed the acquisition of an immaterial investment that was accounted for as a business combination.

### 5. TRADE AND OTHER RECEIVABLES

As at December 31,	2025	2024
Trade accounts receivable		
Franchise fees and mortgage brokerage services	\$ 13,585	\$ 11,630
Other trade receivables	6,772	4,154
	20,357	15,784
Notes receivable	214	962
Contract asset	66	-
Other receivables and assets	878	1,107
Total trade and other receivables	21,515	17,853
Long-term portion	(280)	(676)
	\$ 21,235	\$ 17,177

Franchise fees and mortgage brokerage services receivables also include connectivity fee receivables, which are recognized on an accrual basis as the volume or activity thresholds are fulfilled, with a significant portion collected in the first four months of the following fiscal year. Accounts receivable from two external customers individually accounted for 11% and 21% of the Corporation’s total receivables, respectively.

As at December 31,	2025	2024
Current		
31-60 days	\$ 19,317	\$ 15,184
61-90 days	907	248
Past due > 90 days	126	407
Expected credit losses	191	309
	(184)	(364)
	\$ 20,357	\$ 15,784

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### 6. EQUITY-ACCOUNTED INVESTMENTS

#### Heartwood Financial, LP

The Corporation has an indirect 40% ownership interest (previously, 50%) in Heartwood. Heartwood was organized in 2024 and it established a management team to secure financing to create a non-B20 lender in Canada. The Corporation is not responsible for Heartwood's debts, and Heartwood operates independently from the DLC Group.

During the six months ended June 30, 2025, the Corporation's ownership interest was diluted from 50% to 40%. The decrease in ownership resulted in a non-cash deemed disposal, and a gain of \$224 was recognized in income from equity-accounted investments. The Corporation contributed \$3,500 to Heartwood during the year ended December 31, 2025 (December 31, 2024—\$500).

The following tables summarise the financial information of Heartwood:

<b>As at December 31,</b>	<b>2025</b>		<b>2024</b>	
<i>Current assets</i>				
Cash	\$	5,671	\$	491
Other current assets		7,765		150
Total current assets		13,436		641
Non-current assets		88,293		7
<b>Total assets</b>		<b>101,729</b>		<b>648</b>
<i>Current liabilities</i>				
Other current liabilities		(792)		(38)
Current financial liabilities		(373)		-
Total current liabilities		(1,165)		(38)
Non-current financial liabilities		(94,556)		-
<b>Total liabilities</b>		<b>(95,721)</b>		<b>(38)</b>
Net assets		6,008		610
% of ownership		40%		50%
Corporation share of net assets	\$	2,403	\$	305

<b>For the years ended December 31,</b>	<b>2025</b>		<b>2024</b>	
Net interest income	\$	444	\$	-
Expenses		5,347		530
Loss before income tax		(4,903)		(530)
Income tax recovery		1,299		140
Net loss		(3,604)		(390)
% of ownership <sup>(1)</sup>		40%-50%		50%
Corporation share of net loss	\$	(1,627)	\$	(195)

(1) As the decrease in the Corporation's ownership interest occurred just prior to June 30, 2025, the portion of income from equity accounted investees was 50% for the six months ended June 30, 2025 and 40% for the six months ended December 31, 2025.

#### Other equity-accounted investments

The following tables summarize the financial information of the Corporation's investments in its other joint arrangements. The Corporation's ownership interest in these entities is not significant, and ranges from 30%-50%. The Corporation is entitled to the net assets of these entities, and therefore, the joint control arrangements are considered joint ventures and are accounted for using the equity method.

Included in other equity-accounted investments is a \$500 contribution into a new equity-accounted investee made during the year ended December 31, 2025 (December 31, 2024—\$nil). On January 17, 2025, the Corporation disposed of one of its joint arrangements for proceeds of \$2,800 and recognized a gain on disposal of \$1,362.

During the year ended December 31, 2025, the Corporation received distributions from its other joint arrangements of \$31 (December 31, 2024—\$285).

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<b>As at December 31,</b>	<b>2025</b>		<b>2024</b>	
Current assets	\$	<b>1,148</b>	\$	1,720
Non-current assets		<b>115</b>		62
Current liabilities		<b>(737)</b>		(789)
Non-current liabilities		<b>-</b>		(34)
Net assets		<b>526</b>		959
% of ownership		<b>30%-50%</b>		30%-50%
Goodwill		<b>236</b>		440
		<b>568</b>		1,303
Corporation share of net assets	\$	<b>804</b>	\$	1,743

<b>For the years ended December 31,</b>	<b>2025</b>		<b>2024</b>	
Revenue	\$	<b>2,964</b>	\$	7,872
Expenses <sup>(1)</sup>		<b>2,840</b>		7,255
Net income		<b>124</b>		617
% of ownership		<b>30%-50%</b>		30%-50%
Corporation share of net income	\$	<b>31</b>	\$	337

(1) Expenses include income tax

### Cape Communications International Ltd. ("Impact")

On April 25, 2024, the Corporation disposed of its 52% interest in Impact for cash proceeds of \$3,710. The \$681 cumulative loss arising on foreign exchange translation of Impact that was previously recognized in other comprehensive loss was reclassified to income recognized as 'gain on sale of equity-accounted investments' on the closing date. For the year ended December 31, 2024, the Corporation's share of net income and other comprehensive income was \$109 and \$89, respectively.

## 7. RIGHT OF USE AND CAPITAL ASSETS

	Right of use office & buildings		Capital assets	Total right of use and capital assets
<b>Cost</b>				
Balance at January 1, 2024	\$	3,135	\$ 598	\$ 3,733
Acquisitions		76	-	76
Balance at December 31, 2024	\$	3,211	\$ 598	\$ 3,809
Additions		<b>575</b>	-	<b>575</b>
Disposals		<b>(76)</b>	-	<b>(76)</b>
<b>Balance at December 31, 2025</b>	<b>\$</b>	<b>3,710</b>	<b>\$ 598</b>	<b>\$ 4,308</b>
<b>Accumulated amortization</b>				
Balance at January 1, 2024	\$	(1,554)	\$ (457)	\$ (2,011)
Depreciation expense		(391)	(92)	(483)
Balance at December 31, 2024	\$	(1,945)	\$ (549)	\$ (2,494)
Disposals		<b>19</b>	-	<b>19</b>
Depreciation expense		<b>(393)</b>	<b>(24)</b>	<b>(417)</b>
<b>Balance at December 31, 2025</b>	<b>\$</b>	<b>(2,319)</b>	<b>\$ (573)</b>	<b>\$ (2,892)</b>
<b>Carrying value</b>				
December 31, 2024	\$	1,266	\$ 49	\$ 1,315
<b>December 31, 2025</b>	<b>\$</b>	<b>1,391</b>	<b>\$ 25</b>	<b>\$ 1,416</b>

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**8. INTANGIBLE ASSETS AND GOODWILL**

	Franchise rights, relationships and agreements		Brand Names		Software		Total intangible assets	
<b>Cost</b>								
Balance at January 1, 2024	\$	118,995	\$	45,700	\$	4,042	\$	168,737
Additions <sup>(1)</sup>		5,835		-		-		5,835
Acquisitions		2,640		1,640		-		4,280
Disposals		(178)		-		-		(178)
Balance at December 31, 2024	\$	127,292	\$	47,340	\$	4,042	\$	178,674
Additions <sup>(1)</sup>		<b>6,186</b>		-		-		<b>6,186</b>
Disposals		<b>(100)</b>		-		-		<b>(100)</b>
<b>Balance at December 31, 2025</b>	<b>\$</b>	<b>133,378</b>	<b>\$</b>	<b>47,340</b>	<b>\$</b>	<b>4,042</b>	<b>\$</b>	<b>184,760</b>
<b>Accumulated amortization</b>								
Balance at January 1, 2024	\$	(38,189)	\$	-	\$	(3,636)	\$	(41,825)
Disposals		77		-		-		77
Amortization recognized as a charge against revenue		(5,079)		-		-		(5,079)
Amortization expense		(3,253)		(191)		(133)		(3,577)
Balance at December 31, 2024	\$	(46,444)	\$	(191)	\$	(3,769)	\$	(50,404)
Disposals		<b>61</b>		-		-		<b>61</b>
Amortization recognized as a charge against revenue		<b>(5,243)</b>		-		-		<b>(5,243)</b>
Amortization expense		<b>(3,343)</b>		<b>(328)</b>		<b>(91)</b>		<b>(3,762)</b>
<b>Balance at December 31, 2025</b>	<b>\$</b>	<b>(54,969)</b>	<b>\$</b>	<b>(519)</b>	<b>\$</b>	<b>(3,860)</b>	<b>\$</b>	<b>(59,348)</b>
<b>Carrying value</b>								
December 31, 2024	\$	80,848	\$	47,149	\$	273	\$	128,270
<b>December 31, 2025</b>	<b>\$</b>	<b>78,409</b>	<b>\$</b>	<b>46,821</b>	<b>\$</b>	<b>182</b>	<b>\$</b>	<b>125,412</b>

(1) Additions include franchise rights of \$96 included within accrued liabilities as of December 31, 2025 (December 31, 2024 - \$531).

Intangible assets with indefinite lives:

<b>As at December 31,</b>	<b>2025</b>		<b>2024</b>	
DLC Group brand names	\$	<b>45,700</b>	\$	45,700

The following table shows the movement of goodwill:

	<b>2025</b>		<b>2024</b>	
Balance at January 1	\$	<b>62,159</b>	\$	60,437
Acquisitions		-		1,722
Disposal		<b>(73)</b>		-
Balance at December 31	\$	<b>62,086</b>	\$	62,159

For the purposes of impairment testing, the Corporation has two groups of CGUs to which goodwill is allocated: the DLC Group franchises and Newton.

The following table shows the carrying amount of goodwill by CGU:

<b>As at December 31,</b>	<b>2025</b>		<b>2024</b>	
DLC Group	\$	<b>58,746</b>	\$	58,819
Newton		<b>3,340</b>		3,340
	\$	<b>62,086</b>	\$	62,159

The Corporation completed its annual impairment test for goodwill and indefinite-life intangible assets as at December 31, 2025. The recoverable amounts were based on the fair value less cost of disposal, an income-based approach whereby a present value technique is employed that takes into account estimated future cash flows based on assumptions that would

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be common to any market participant. This approach requires management to make estimates and assumptions about EBITDA, discount rates, and perpetual growth rates (level 3 within the fair value hierarchy). Future cash flows are based on management's projections for a five-year period with a perpetual growth rate applied thereafter. The discount rate is based on the weighted-average cost of capital for comparable companies operating in similar industries as the applicable CGU.

The Corporation's assumptions regarding EBITDA were based on each CGU's 5-year budget, which is approved by the Board of Directors. The key assumptions used in performing the impairment tests of each individual CGU's were perpetual growth rate (2%) and discount rate (within an 11%-18.5% range).

Based on management's assessment, no impairment was recognized during the years ended December 31, 2025 or December 31, 2024.

### Sensitivity analysis

Based on a sensitivity analysis, the Corporation does not believe there are any possible realistic changes in key assumptions that would cause the recoverable amount of the DLC Group or Newton CGUs to fall below their carrying amounts.

## 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

<b>As at December 31,</b>	<b>2025</b>		<b>2024</b>	
Accrued liabilities				
Commissions payable	\$	12,060	\$	15,303
Other accrued liabilities		12,341		8,528
		<b>24,401</b>		23,831
Trade payables		2,204		2,044
Government agencies payable		3,081		3,531
Other		157		116
	\$	<b>29,843</b>	\$	29,522

## 10. DEFERRED CONTRACT LIABILITIES

The following table provides information about deferred contract liabilities from contracts with customers:

	<b>2025</b>		<b>2024</b>	
Balance at January 1	\$	683	\$	768
Additions		5,058		2,367
Revenue recognized from deferred contract liabilities		(5,142)		(2,452)
Balance at December 31	\$	599	\$	683
Current	\$	488	\$	551
Non-current	\$	111	\$	132

## 11. LOANS AND BORROWINGS

<b>As at December 31,</b>	<b>2025</b>		<b>2024</b>	
<b><i>Revolving loans and borrowings</i></b>				
Revolving Facility	\$	9,405	\$	5,176
Revolving Facility	\$	9,405	\$	5,176
<b><i>Term loans and borrowings</i></b>				
Term Facility	\$	25,758	\$	30,910
Debt issuance costs		(516)		(192)
Total term loans and borrowings		25,242		30,718
Less: current portion		(5,152)		(5,152)
	\$	<b>20,090</b>	\$	25,566

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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 \$15,000 to \$25,000. 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 of 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.

## 12. LEASE OBLIGATIONS

The Corporation has lease commitments for buildings and office spaces with varying terms that expire between 2027 and 2030, captured in the below table:

Balance at January 1, 2024	\$	1,753
Lease payments		(461)
Acquisitions		76
Interest on lease obligations		79
Balance at December 31, 2024		1,447
Lease payments		<b>(470)</b>
Additions		<b>575</b>
Disposal		<b>(58)</b>
Interest on lease obligations		71
<b>Balance at December 31, 2025</b>		<b>1,565</b>
Current portion		<b>(396)</b>
	<b>\$</b>	<b>1,169</b>

The approximate undiscounted contractual lease payments remaining are as follows:

Year		Lease payments
2026	\$	449
2027		154
2028		52
2028		46
2030		8
Thereafter		-
		<b>709</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars)

### 13. SHARE CAPITAL

#### Authorized share capital

The Corporation is authorized to issue an unlimited number of Common Shares without par value. A summary of changes in Common Share capital is as follows:

	Number of Common Shares	Amount
Balance at December 31, 2024	78,459,180	375,093
NCIB and block share repurchase	<b>(987,547)</b>	<b>(8,737)</b>
Change in Common Shares for RSU plan (note 14)	<b>(316,442)</b>	<b>(2,777)</b>
<b>Balance at December 31, 2025</b>	<b>77,155,191</b>	<b>\$ 363,579</b>
<b>Common Shares outstanding</b>	<b>77,736,891</b>	

At December 31, 2025, a total of 77,736,891 Common Shares were outstanding (December 31, 2024 – 78,724,438), net of 581,700 Common Shares held in trust under the RSU plan (December 31, 2024 – 265,258).

#### Dividends

During the year ended December 31, 2025, the Corporation declared dividends of \$0.15 per Common Share resulting in dividend payments of \$11,694 (December 31, 2024—\$0.12 per Common Share or \$5,772).

#### NCIB

The Corporation implemented a 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. 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.

#### 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 \$6,206 (being \$8.75 per share) pursuant to an issuer bid exemption. The shares were acquired for cancellation from a former employee.

### 14. SHARE-BASED PAYMENTS

The Corporation recorded total share-based payments expense of \$1,730 for the year ended December 31, 2025 (December 31, 2024—\$807).

#### RSUs

On April 15, 2024, the Corporation issued 421,444 RSUs to corporate board members and certain executives. The RSUs vest on April 15, 2027. On April 15, 2025, the Corporation issued 335,234 RSUs to corporate board members and certain executives. The RSUs issued in 2025 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.

The RSUs were issued pursuant to a restricted share unit plan approved by the Board on March 19, 2024 (the “RSU Plan”). The Corporation’s RSU Plan provides RSUs to be settled on vesting in cash or by the delivery of Common Shares acquired in the market at the option of the Corporation. Pursuant to the RSU Plan, holders are entitled to receive additional RSUs in lieu of dividends (the “Dividend Entitlement”) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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A summary of the RSU activity in the period is as follows:

Outstanding RSUs, January 1, 2024	-
April 15, 2024 grant	421,444
2024 Dividend Entitlement	8,352
Outstanding RSUs, December 31, 2024	429,796
April 15, 2025 grant	<b>335,234</b>
2025 Dividend Entitlement	<b>11,480</b>
<b>Outstanding RSUs, December 31, 2025</b>	<b>776,510</b>

## 15. REVENUE

<b>For the years ended December 31,</b>	<b>2025</b>	<b>2024</b>
Franchising revenue, mortgage brokerage services	\$ <b>61,327</b>	\$ 52,598
Newton revenues	<b>29,277</b>	20,014
Brokering of mortgages	<b>5,670</b>	4,141
	<b>\$ 96,274</b>	<b>\$ 76,753</b>

Revenue earned from contracts with customers earned over time included in the above (gross of the amortization of franchisee payments) is \$100,177 for the year ended December 31, 2025 (December 31, 2024—\$81,042).

Revenue from two external customers individually accounted for more than 10% of the Corporation's total revenue, representing approximately 11% and 14% of total revenue, respectively.

## 16. GENERAL AND ADMINISTRATIVE EXPENSES

<b>For the years ended December 31,</b>	<b>2025</b>	<b>2024</b>
Salary and salary-related	\$ <b>21,249</b>	\$ 18,341
Office, administration, and property costs	<b>1,366</b>	1,297
Information technology	<b>3,942</b>	3,036
Advertising, events, promotion, and travel	<b>4,409</b>	3,559
Professional fees	<b>988</b>	1,518
Management and consulting fees	<b>2,923</b>	2,787
Other expenses	<b>1,049</b>	1,011
	<b>\$ 35,926</b>	<b>\$ 31,549</b>

## 17. FINANCE EXPENSE

<b>For the years ended December 31,</b>	<b>2025</b>	<b>2024</b>
Interest expense on debt obligations	\$ <b>1,433</b>	\$ 2,385
Interest on lease obligations	<b>71</b>	79
Amortization of debt issuance costs	<b>(23)</b>	160
	<b>\$ 1,481</b>	<b>\$ 2,624</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars)

### 18. OTHER (EXPENSE) INCOME

<b>For the years ended December 31,</b>	<b>2025</b>	<b>2024</b>
Loss on contract settlement <sup>(1)</sup>	\$ (8,717)	\$ (47)
Other income	921	2,158
<b>Other (expense) income</b>	<b>\$ (7,796)</b>	<b>\$ 2,111</b>

(1) The Corporation revised certain sales team commission contracts and terminated the original contracts. In connection with the termination of the original contracts, payments were made to settle the trailer commission obligations. These contract settlement payments related to four separate transactions and were recorded within other expense as a loss on contract settlement.

### 19. INCOME TAXES

Total income tax expense differs from the amount that would arise using the combined Canadian federal and provincial tax rate of 26.59% (2024—26.60%). Below is a reconciliation of income taxes calculated at the combined statutory rates to the tax expense recorded:

<b>For the years ended December 31,</b>	<b>2025</b>	<b>2024</b>
Income (loss) before income tax	\$ 34,047	\$ (119,289)
Income (loss) before income tax multiplied by the statutory rate of 26.59% (2024—26.60%)	(9,054)	31,729
Effect of:		
Permanent differences	(68)	467
Non-deductible finance expense on the Preferred Share liability	-	(39,569)
Change in tax rates and rate differences	1	238
Change in unrecognized temporary differences	-	30
Changes in non-recognized equity accounting	8	76
Other	(97)	(450)
<b>Total tax expense</b>	<b>\$ (9,210)</b>	<b>\$ (7,479)</b>

The Corporation's deferred tax assets are netted against its deferred tax liabilities. Net deferred tax liabilities consist of the following:

<b>As at December 31,</b>	<b>2025</b>	<b>2024</b>
Deferred tax liabilities		
Intangible assets	\$ (23,694)	\$ (24,655)
Right-of-use assets	(370)	(337)
	<b>(24,064)</b>	<b>(24,992)</b>
Deferred tax assets		
Non-capital losses	5,837	7,199
Share capital issuance costs	37	51
Lease liabilities, net of lease receivable	416	385
Other	1,010	272
	<b>7,300</b>	<b>7,907</b>
<b>Net deferred tax liability</b>	<b>\$ (16,764)</b>	<b>\$ (17,085)</b>

The deferred tax liability movement is composed of:

<b>As at December 31,</b>	<b>2025</b>	<b>2024</b>
Balance, beginning of year	\$ (17,085)	\$ (15,110)
Deferred tax recovery (expense) recognized in net income	321	(896)
Acquisitions	-	(1,079)
<b>Net deferred tax liability</b>	<b>\$ (16,764)</b>	<b>\$ (17,085)</b>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands of Canadian dollars)

**20. EARNINGS (LOSS) PER COMMON SHARE**

<b>For the years ended December 31,</b>	<b>2025</b>	<b>2024</b>
Net income (loss) attributable to common shareholders	\$ <b>24,556</b>	\$ (127,130)
Basic weighted average number of Common Shares	<b>77,959,903</b>	49,360,267
Effect of dilutive instruments <sup>(1)</sup>	<b>591,407</b>	-
Diluted weighted average number of Common Shares	<b>78,551,310</b>	49,360,267
Basic earnings (loss) per Common Share	\$ <b>0.31</b>	\$ (2.58)
Diluted earnings (loss) per Common Share	\$ <b>0.31</b>	\$ (2.58)

(1) As of December 31, 2024, the Corporation had 262,239 dilutive instruments related to the RSU plan that were considered anti-dilutive.

**21. SUPPLEMENTAL CASH FLOW INFORMATION**

The changes in non-cash working deficit are as follows:

<b>For the years ended December 31,</b>	<b>2025</b>	<b>2024</b>
Trade and other receivables	\$ <b>(4,058)</b>	\$ (1,497)
Prepaid expenses and deposits	<b>(578)</b>	(134)
Accounts payable and accrued liabilities	<b>724</b>	6,356
Deferred contract liabilities	<b>(63)</b>	(356)
\$	<b>(3,975)</b>	\$ 4,369

**22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Board of Directors has the responsibility to establish and oversee the Corporation's risk management framework. The Board of Directors has implemented risk management policies, monitors compliance with them, and reviews them regularly to reflect changes in market conditions and in the Corporation's activities.

The Corporation's financial risk management policies have been established to identify and analyze risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Corporation employs risk management strategies to ensure its risks and related exposures are consistent with the Corporation's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Corporation's risk management framework, the Corporation's management has the responsibility to administer and monitor these risks.

The Corporation is exposed in varying degrees to a variety of risks from its use of financial instruments, which mainly include cash, trade and other receivables, investments, trade payables and accrued liabilities, and loans and borrowings. Because of the use of these financial instruments, the Corporation and its subsidiaries are exposed to risks including market risk, credit risk, and liquidity risk. This note describes the Corporation's 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. The Corporation's 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. The Corporation is exposed to interest rate risk on its variable-rate loans and borrowings. A 1% increase in interest rates on variable-rate loans and borrowings would have resulted in a \$304 decrease of income before tax for the year ended December 31, 2025 (December 31, 2024—\$350 decrease).

**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, notes receivable, and trade and other receivables.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars)

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, \$191 of trade receivables were greater than 90 days outstanding (December 31, 2024—\$309), and the provision for total expected credit losses as at December 31, 2025 was \$184 (December 31, 2024—\$364). A decline in economic conditions, or other adverse conditions experienced by franchisees and agents, could impact the collectability of the Corporation's accounts receivable.

The Corporation's maximum exposure to credit risk approximates the carrying value of the assets on the Corporation's consolidated statements of financial position.

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

### Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation utilizes cash and debt management policies and practices to mitigate the likelihood of difficulties in meeting its financial obligations and commitments. These policies and practices include the preparation of budgets and forecasts which are regularly monitored.

As at December 31, 2025, contractual cash flow obligations and their maturities were as follows:

	Contractual cash flow	Within 1 year	Within 5 years	Thereafter
Accounts payable and accrued liabilities	\$ 29,843	\$ 29,843	\$ -	\$ -
Lease obligations <sup>(1)</sup>	709	449	260	-
Revolving loans and borrowings	9,405	-	9,405	-
Term loans and borrowings <sup>(2)</sup>	25,758	5,152	20,606	-
	<b>\$ 65,715</b>	<b>\$ 35,444</b>	<b>\$ 30,271</b>	<b>\$ -</b>

(1) Undiscounted lease payments.

(2) Gross of debt issuance costs.

### Capital management

The Corporation's capital structure is composed of total shareholders' equity, and loans and borrowings, less cash. The following table summarizes the carrying value of the Corporation's capital.

<b>As at December 31,</b>	<b>2025</b>		<b>2024</b>	
Term loans and borrowings	\$	<b>25,242</b>	\$	30,718
Revolving loans and borrowings		<b>9,405</b>		5,176
Less: cash		<b>2,009</b>		4,732
Net loans and borrowings	<b>\$</b>	<b>32,638</b>	<b>\$</b>	<b>31,162</b>
Shareholders' equity	<b>\$</b>	<b>134,623</b>	<b>\$</b>	<b>132,140</b>

The Corporation's objectives when managing capital include maintaining an optimal capital base to support the capital requirements of the Corporation, including opportunities to grow the number of DLC Group franchises and to grow the capabilities and usage of Newton's technology platform.

The Corporation is not subject to any externally-imposed capital requirements other than certain restrictions under the terms of its loans and borrowing agreements. The Corporation is in compliance with all externally-imposed capital requirements as at December 31, 2025 (see note 11).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars)

### 23. COMMITMENTS AND CONTINGENCIES

#### Service agreement

The Corporation entered into an agreement with a software development company to develop and support a customized mortgage application. The agreement is a related party transaction due to common management between the Corporation and the service provider (see note 24). The service agreement expires in March 2027.

#### 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 consolidated financial statements.

### 24. RELATED PARTY TRANSACTIONS

#### 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 \$264 (December 31, 2024—\$327). The lease terms mature 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 \$60 (December 31, 2024—\$84). The lease term matures in 2027.

The expenses related to these leases are recorded in interest, 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 which 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 \$1,033 (December 31, 2024—\$935).

#### Key management compensation

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

<b>For the years ended December 31,</b>	<b>2025</b>		<b>2024</b>	
Salaries and benefits	\$	<b>5,352</b>	\$	5,437
Share-based payments expense		<b>1,727</b>		751
	\$	<b>7,079</b>	\$	6,188

### 25. PREFERRED SHARE LIABILITY

On December 17, 2024, the Corporation completed its acquisition (the "Preferred Share Acquisition") of all the issued and outstanding non-voting, non-convertible series 1 class "B" preferred shares (the "Preferred Shares") in exchange for 30,500,000 Common Shares and cash payment of \$15,000. The fair value of the share consideration was \$240,645 using the December 17, 2024 share price of \$7.89. The difference between the fair value of consideration and the book value of the Preferred Shares was recognized as a loss on acquisition, recognized on the consolidated statements of income (loss) within finance expense on the Preferred Share liability. Total transaction-related fees were \$221 and were applied against share capital as share issuance costs.

The Preferred Shares were a liability as the Corporation had an unavoidable obligation to pay dividends on the Preferred Shares in perpetuity. The holders of the Preferred Shares (the "Preferred Shareholders") were entitled to dividends equal to

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Canadian dollars)

40% of Core Business Distributable Cash (“Dividend Entitlement”), as defined in the Preferred Share terms.

The Preferred Shares were initially measured at their fair value net of any directly-attributable transaction costs and were subsequently recognized at amortized cost. The Preferred Share liability was revised for any changes in the estimated future Dividend Entitlement at the end of each reporting period (reflected as revaluation recovery or expense) using an income approach based on the initial discount rate applied (15.2%), the change in the time-value of money (reflected as accretion expense), and dividends paid. The revaluation recovery or expense and accretion expense were non-cash items, recognized on the consolidated statements of income (loss) within finance expense on the Preferred Share liability.

The Corporation paid interim monthly cash dividends (“Interim Dividends”) to the Preferred Shareholders in an amount determined by the Board of the Corporation that represented a good-faith estimate of the monthly instalment of the Dividend Entitlement, which may be more or less than the actual Dividend Entitlement based on seasonality of cash flows. During the year ended December 31, 2024, the Corporation paid Interim Dividends of \$6,960 to the Preferred Shareholders. The actual Dividend Entitlement attributable to Preferred Shareholders during the year ended December 31, 2024 was \$7,502. The underpayment of \$542 was accrued as a dividend payable as at December 31, 2024.

A summary of activity was as follows:

	Number of Preferred Shares		Amount
Balance at January 1, 2024 <sup>(1)</sup>	26,774,054	\$	114,442
Dividends paid	-		(7,297)
Dividends payable <sup>(2)</sup>	-		(542)
Consideration for Preferred Share Acquisition	(26,774,054)		(255,645)
Finance expense on the Preferred Share liability	-		149,042
<b>Balance at December 31, 2024 <sup>(1)</sup></b>	<b>-</b>	<b>\$</b>	<b>-</b>

(1) Net of transaction costs.

(2) Dividends payable were accrued and recognized as part of accounts payable and accrued liabilities (note 9).

<b>For the years ended December 31,</b>	<b>2025</b>		<b>2024</b>
Accretion expense on the Preferred Share liability	\$ -	\$	16,830
Revaluation recovery of the Preferred Share liability	-		(7,792)
Loss on the Preferred Share Acquisition	-		140,004
<b>Finance expense on the Preferred Share liability</b>	<b>\$ -</b>	<b>\$</b>	<b>149,042</b>

## 26. SUBSEQUENT EVENTS

### Acquisitions

On January 9, 2026, and February 27, 2026, the Corporation completed two non-controlling equity acquisitions for \$2,785 and \$4,100, respectively. The transactions were funded with cash on hand and available capacity on the Corporation’s Revolving Facility.

### Dividend

On February 16, 2026, the Board of Directors of the Corporation declared a cash dividend of \$0.04 per Common Share. The dividend was paid on March 13, 2026, to shareholders of record as of March 2, 2026, resulting in a dividend payment of \$3,109.

### Debt Amendment

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.