

# Dominion Lending Centres Inc.

## Interim Condensed Consolidated Financial Statements

For the three months ended March 31, 2026  
& March 31, 2025



CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (unaudited)

(in thousands of Canadian dollars)

As at	March 31, 2026	December 31, 2025
<b>Assets</b>		
<i>Current assets</i>		
Cash	\$ 1,536	\$ 2,009
Trade and other receivables	14,788	21,235
Prepaid expenses and deposits	3,148	2,845
<i>Total current assets</i>	<b>19,472</b>	26,089
<i>Non-current assets</i>		
Trade receivables, other receivables, and other assets	517	280
Investments	246	246
Equity-accounted investments (note 4)	10,231	3,207
Right-of-use and capital assets	1,313	1,416
Intangible assets (note 5)	129,358	125,412
Goodwill	62,994	62,086
<b>Total assets</b>	<b>\$ 224,131</b>	<b>\$ 218,736</b>
<b>Liabilities and Equity</b>		
<i>Current liabilities</i>		
Revolving loans and borrowings (note 7)	\$ 23,104	\$ 9,405
Accounts payable and accrued liabilities (note 6)	20,728	29,843
Term loans and borrowings (note 7)	5,152	5,152
Deferred contract liabilities	1,013	488
Lease obligations	389	396
<i>Total current liabilities</i>	<b>50,386</b>	45,284
<i>Non-current liabilities</i>		
Term loans and borrowings (note 7)	18,689	20,090
Deferred contract liabilities	128	111
Other liabilities	610	-
Lease obligations	1,079	1,169
Deferred tax liabilities	17,169	16,764
<b>Total liabilities</b>	<b>88,061</b>	83,418
<i>Equity</i>		
Share capital (note 8)	362,488	363,579
Contributed surplus	14,207	14,067
Deficit	(241,329)	(243,023)
<b>Total equity attributable to shareholders</b>	<b>135,366</b>	134,623
<b>Non-controlling interest</b>	<b>704</b>	695
<b>Total liabilities and equity</b>	<b>\$ 224,131</b>	<b>\$ 218,736</b>

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

Signed on behalf of the Board of Directors,

(signed)  
Gary Mauris, Director

(signed)  
Dennis Sykora, Director

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

<b>For the three months ended March 31,</b>	<b>2026</b>		<b>2025</b>	
Revenue (note 10)	\$	<b>19,954</b>	\$	18,732
Direct costs		<b>(1,560)</b>		(2,129)
<b>Gross profit</b>		<b>18,394</b>		16,603
General and administrative expenses		<b>9,787</b>		8,583
Share-based payments expense (note 9)		<b>426</b>		87
Depreciation and amortization		<b>1,036</b>		1,048
		<b>11,249</b>		9,718
<b>Income from operations</b>	\$	<b>7,145</b>	\$	6,885
<b>Other (expense) income</b>				
Finance expense (note 11)		<b>(417)</b>		(322)
Loss from equity-accounted investments (note 4)		<b>(155)</b>		(276)
Gain on sale of equity-accounted investment (note 4)		-		1,362
Other income		<b>88</b>		265
		<b>(484)</b>		1,029
<b>Income before tax</b>	\$	<b>6,661</b>	\$	7,914
<b>Income tax expense</b>				
Current tax expense		<b>(1,444)</b>		(1,397)
Deferred tax expense		<b>(405)</b>		(250)
		<b>(1,849)</b>		(1,647)
<b>Net income</b>	\$	<b>4,812</b>	\$	6,267
<b>Attributable to:</b>				
Common Shareholders	\$	<b>4,803</b>	\$	6,234
Non-controlling interest	\$	<b>9</b>	\$	33
<b>Earnings per Common Share attributable to Common Shareholders</b> (note 12)				
Basic	\$	<b>0.06</b>	\$	0.08
Diluted	\$	<b>0.06</b>	\$	0.08

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

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (unaudited)  
(in thousands of Canadian dollars)

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

	Share capital	Contributed surplus	Deficit	Total shareholders' equity	Non- controlling interest	Total equity
Balance at January 1, 2025	\$ 375,093	\$ 12,337	\$ (255,290)	\$ 132,140	\$ 1,565	\$ 133,705
Change in Common Shares for Restricted share unit ("RSU") plan	(493)	-	-	(493)	-	(493)
Share-based payments expense (note 9)	-	87	-	87	-	87
Net income	-	-	6,234	6,234	33	6,267
Dividends declared (note 8)	-	-	(2,362)	(2,362)	-	(2,362)
<b>Balance at March 31, 2025</b>	<b>\$ 374,600</b>	<b>\$ 12,424</b>	<b>\$ (251,418)</b>	<b>\$ 135,606</b>	<b>\$ 1,598</b>	<b>\$ 137,204</b>
<b>January 1, 2026</b>	<b>363,579</b>	<b>14,067</b>	<b>(243,023)</b>	<b>134,623</b>	<b>695</b>	<b>135,318</b>
Change in Common Shares for RSU plan (note 8)	(1,091)	-	-	(1,091)	-	(1,091)
Share-based payments expense (note 9)	-	426	-	426	-	426
Puttable non-controlling interest	-	(286)	-	(286)	-	(286)
Net income	-	-	4,803	4,803	9	4,812
Dividends declared (note 8)	-	-	(3,109)	(3,109)	-	(3,109)
<b>Balance at March 31, 2026</b>	<b>\$ 362,488</b>	<b>\$ 14,207</b>	<b>\$ (241,329)</b>	<b>\$ 135,366</b>	<b>\$ 704</b>	<b>\$ 136,070</b>

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

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(in thousands of Canadian dollars)

<b>For the three months ended March 31,</b>	<b>2026</b>		<b>2025</b>	
<b>Operating Activities</b>				
Net income	\$	4,812	\$	6,267
<i>Items not affecting cash:</i>				
Share-based payments expense (note 9)		426		87
Depreciation and amortization		1,036		1,048
Amortization of debt issuance costs (gain) (note 11)		17		(108)
Amortization of franchise rights (note 5)		1,440		1,258
Deferred tax expense		405		250
Loss from equity-accounted investments (note 4)		155		276
Gain on sale of equity-accounted investment (note 4)		-		(1,362)
Other non-cash items		(766)		262
Changes in non-cash working deficit (note 13)		(2,446)		(235)
<b>Cash provided by operating activities</b>		<b>5,079</b>		<b>7,743</b>
<b>Investing Activities</b>				
Investment in intangible assets (note 5)		(5,411)		(1,215)
Investment in business acquisition		(973)		-
Proceeds on disposal of intangible assets		27		-
Proceeds from the sale of equity-accounted investee (note 4)		-		2,800
Acquisitions of/contribution to equity-accounted investee (note 4)		(7,179)		(1,500)
<b>Cash (used in)/provided by investing activities</b>		<b>(13,536)</b>		<b>85</b>
<b>Financing Activities</b>				
Debt financing transaction costs (note 7)		(130)		(252)
Proceeds from (repayments of) Revolving Facility (note 7)		13,699		(3,901)
Repayment of debt (note 7)		(1,288)		(1,288)
Shares purchased for RSU plan (note 8)		(1,091)		(493)
Payment of principal portion of lease liabilities		(97)		(100)
Dividends paid to common shareholders (note 8)		(3,109)		(2,362)
<b>Cash provided by/(used in) financing activities</b>		<b>7,984</b>		<b>(8,396)</b>
<b>Decrease in cash</b>		<b>(473)</b>		<b>(568)</b>
<b>Cash, beginning of period</b>		<b>2,009</b>		<b>4,732</b>
<b>Cash, end of period</b>	\$	<b>1,536</b>	\$	<b>4,164</b>
Cash flows include the following amounts:				
Interest paid	\$	381	\$	412
Interest received	\$	11	\$	46
Income taxes paid	\$	4,524	\$	3,990

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)  
(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	
	March 31, 2026	December 31, 2025
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 interim condensed consolidated financial statements (“interim 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”), specifically International Accounting Standards 34 – Interim Financial Reporting. The accounting policies that follow have been consistently applied to all periods presented. These interim financial statements were authorized for issuance by the Audit Committee of the Corporation, on behalf of the Board of Directors, on May 7, 2026.

## 3. MATERIAL ACCOUNTING POLICIES

The material accounting policies used in preparation of these interim financial statements are the same as those in the most recent annual financial statements, except as noted below.

### 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. The Corporation has adopted these amendments and the adoption did not have a material impact on the financial position or results of operations.

### 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.

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

#### 4. EQUITY-ACCOUNTED INVESTMENTS

##### Heartwood Financial, LP

The Corporation has an indirect 40% ownership interest 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.

The Corporation did not make contributions to Heartwood during the three months ended March 31, 2026 (March 31, 2025—\$1,000).

The following tables summarise the financial information of Heartwood:

<b>As at</b>	<b>March 31, 2026</b>	<b>December 31, 2025</b>
<i>Current assets</i>		
Cash	\$ 1,376	\$ 5,671
Other current assets	16,690	7,765
<b>Total current assets</b>	<b>18,066</b>	13,436
Non-current assets	145,328	88,293
<b>Total assets</b>	<b>163,394</b>	101,729
<i>Current liabilities</i>		
Other current liabilities	(1,532)	(792)
Current financial liabilities	(545)	(373)
<b>Total current liabilities</b>	<b>(2,077)</b>	(1,165)
Non-current financial liabilities	(156,026)	(94,556)
<b>Total liabilities</b>	<b>(158,103)</b>	(95,721)
Net assets	5,291	6,008
% of ownership	40%	40%
Corporation share of net assets	\$ 2,116	\$ 2,403

<b>For the three months ended March 31,</b>	<b>2026</b>	<b>2025</b>
Net interest income	\$ 775	\$ -
Expenses	(1,748)	(805)
Income (loss) before income tax	(973)	(805)
Income tax recovery	258	214
Net income (loss)	(715)	(591)
% of ownership <sup>(1)</sup>	40%	50%
Corporation share of net income (loss)	\$ (286)	\$ (296)

(1) The Corporation's ownership decreased June 30, 2025, therefore, the portion of income from equity-accounted investees was 50% for the three months ended March 31, 2025 and 40% for the three months ended March 31, 2026.

##### Dundarave Management Ltd.

On February 27, 2026, the Corporation acquired a 50% equity interest in Dundarave Management Ltd. and affiliate (collectively, "DML") for \$4,394. DML is the manager for Dundarave Mortgage Investment Corporation ("DMIC") which has operated as a mortgage lender in British Columbia since 2008. DML provides administration and management services for DMIC and is not itself a lender. Neither DML nor the Corporation are responsible for DMIC's loans.

The Corporation has significant influence over DML, including the power to participate in the financial and operating policies of DML, but does not have control or joint control. Despite holding 50% of its equity, the Corporation does not control DML as certain key decisions relating to DML's relevant activities requires a supermajority approval under the shareholders' agreement. As such, the Corporation cannot unilaterally direct the relevant activities of DML. The Corporation's investment in DML is accounted for using the equity method.

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

The following tables summarise the financial information of DML:

<b>As at</b>	<b>March 31, 2026</b>	
Current assets	\$	760
Non-current assets		9,144
Current liabilities		(439)
Non-current liabilities		(2,670)
Net assets		6,795
% of ownership		50%
		<b>3,398</b>
Goodwill		1,017
Corporation share of net assets	\$	4,415
<b>For the three months ended March 31,</b>		
		<b>2026</b>
Revenue	\$	107
Expenses		(56)
Income before income tax		51
Income tax expense		(14)
Net income		37
% of ownership		50%
Corporation share of net income <sup>(1)</sup>	\$	19

(1) The Corporation's share of net income from the date of acquisition (February 28, 2026).

#### Other equity-accounted investments

The following tables summarize the financial information of the Corporation's investments in its other associates and joint arrangements. The Corporation's ownership interest in these entities ranges from 30%-51%. The Corporation is entitled to the net assets of the joint arrangements, and therefore they are considered joint ventures and are accounted for using the equity method.

During the three months ended March 31, 2026, the Corporation acquired a 51% equity interest in an equity-accounted investee for cash consideration totalling \$2,785. On acquisition, the net assets of the equity-accounted investee were \$4,063 with goodwill of \$713. The Corporation has significant influence over the entity, including the power to participate in their financial and operating policy, but does not have control or joint control. Despite holding 51% equity interest, the Corporation does not control these entities as certain key decisions relating to the relevant activities requires a supermajority approval under the shareholders' agreements. As such, the Corporation cannot unilaterally direct the relevant activities. The Corporation's investment in this associate is accounted for using the equity method.

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 three months ended March 31, 2025. Included in other equity-accounted investments is a \$500 contribution into a new equity-accounted investee during the three months ended March 31, 2025.

<b>As at</b>	<b>March 31, 2026</b>		December 31, 2025
Current assets	\$	3,954	\$ 1,148
Non-current assets		3,537	115
Current liabilities		(2,633)	(737)
Non-current liabilities		(1)	-
Net assets		4,857	526
% of ownership		30%-51%	30%-50%
		<b>2,419</b>	236
Goodwill		1,281	568
Corporation share of net assets	\$	3,700	\$ 804

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

<b>For the three months ended March 31,</b>	<b>2026</b>		<b>2025</b>	
Revenue	\$	<b>1,881</b>	\$	610
Expenses <sup>(1)</sup>		<b>(1,613)</b>		(541)
Net income		<b>268</b>		69
% of ownership		<b>30%-51%</b>		30%-50%
Corporation share of net income	\$	<b>112</b>	\$	20

(1) Expenses include income tax

## 5. INTANGIBLE ASSETS

	Franchise rights, relationships and agreements		Brand Names		Software and other		Total intangible assets	
<b>Cost</b>								
Balance at December 31, 2025	\$	133,378	\$	47,340	\$	4,042	\$	184,760
Acquisition		-		-		<b>389</b>		<b>389</b>
Additions <sup>(1)</sup>		<b>6,141</b>		-		-		<b>6,141</b>
Disposals		<b>(1,285)</b>		-		-		<b>(1,285)</b>
<b>Balance at March 31, 2026</b>	<b>\$</b>	<b>138,234</b>	<b>\$</b>	<b>47,340</b>	<b>\$</b>	<b>4,431</b>	<b>\$</b>	<b>190,005</b>
<b>Accumulated amortization</b>								
Balance at December 31, 2025	\$	(54,969)	\$	(519)	\$	(3,860)	\$	(59,348)
Disposals		<b>1,074</b>		-		-		<b>1,074</b>
Amortization recognized as a charge against revenue		<b>(1,440)</b>		-		-		<b>(1,440)</b>
Amortization expense		<b>(829)</b>		<b>(82)</b>		<b>(22)</b>		<b>(933)</b>
<b>Balance at March 31, 2026</b>	<b>\$</b>	<b>(56,164)</b>	<b>\$</b>	<b>(601)</b>	<b>\$</b>	<b>(3,882)</b>	<b>\$</b>	<b>(60,647)</b>
<b>Carrying value</b>								
December 31, 2025	\$	78,409	\$	46,821	\$	182	\$	125,412
<b>March 31, 2026</b>	<b>\$</b>	<b>82,070</b>	<b>\$</b>	<b>46,739</b>	<b>\$</b>	<b>549</b>	<b>\$</b>	<b>129,358</b>

(1) Additions include franchise rights of \$825 included within accrued liabilities as of March 31, 2026 (December 31, 2025 - \$96).

## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

<b>As at</b>	<b>March 31, 2026</b>		<b>December 31, 2025</b>	
<b>Accrued liabilities</b>				
Commissions payable	\$	<b>11,368</b>	\$	12,060
Other accrued liabilities		<b>7,752</b>		12,341
		<b>19,120</b>		24,401
Trade payables		<b>1,402</b>		2,204
Government agencies payable		<b>33</b>		3,081
Other		<b>173</b>		157
	<b>\$</b>	<b>20,728</b>	<b>\$</b>	29,843

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

**7. LOANS AND BORROWINGS**

<b>As at</b>	<b>March 31, 2026</b>	December 31, 2025
<b>Revolving loans and borrowings</b>		
Revolving Facility	\$ 23,104	\$ 9,405
Revolving Facility	\$ 23,104	\$ 9,405
<b>Term loans and borrowings</b>		
Term Facility	\$ 24,470	\$ 25,758
Debt issuance costs	(629)	(516)
Total term loans and borrowings	23,841	25,242
Less: current portion	(5,152)	(5,152)
	<b>\$ 18,689</b>	<b>\$ 20,090</b>

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 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 charge coverage ratio greater than 1.10:1.00. At March 31, 2026, the Corporation's adjusted total debt-to-EBITDA ratio and fixed charge coverage ratio were 1.06:1.00 and 3.09:1.00, respectively, and as such, the Corporation was in compliance with all such covenants.

**8. 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, 2025	77,155,191	\$ 363,579
Change in Common Shares for RSU plan (note 9)	<b>(119,600)</b>	<b>(1,091)</b>
<b>Balance at March 31, 2026</b>	<b>77,035,591</b>	<b>\$ 362,488</b>
<b>Common Shares outstanding</b>	<b>77,736,891</b>	

At March 31, 2026, a total of 77,736,891 Common Shares were outstanding (December 31, 2025 – 77,736,891), including 701,300 Common Shares held in trust under the RSU plan (December 31, 2025 – 581,700).

**Dividends**

During the three months ended March 31, 2026, the Corporation declared dividends of \$0.04 per Common Share resulting in dividend a payment of \$3,109 (March 31, 2025—\$0.03 per Common Share or \$2,362).

**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 three months ended March 31, 2026, the Corporation did not make any repurchases under the NCIB.

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

## 9. SHARE-BASED PAYMENTS

The Corporation recorded total share-based payments expense of \$426 for the three months ended March 31, 2026 (March 31, 2025—\$87).

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 three months ended March 31, 2026, the Corporation issued an additional 3,859 RSUs in lieu of dividends.

A summary of the RSU activity in the period is as follows:

Outstanding RSUs, January 1, 2026	776,510
2026 Dividend Entitlement	<b>3,859</b>
<b>Outstanding RSUs, March 31, 2026</b>	<b>780,369</b>

The RSUs vest according to the following schedule:

April 15, 2026	92,687
April 15, 2027	531,817
April 15, 2028	155,865
<b>Outstanding RSUs, March 31, 2026</b>	<b>780,369</b>

## 10. REVENUE

<b>For the three months ended March 31,</b>	<b>2026</b>		<b>2025</b>	
Franchising revenue, mortgage brokerage services	\$	<b>12,612</b>	\$	12,368
Newton revenues		<b>6,110</b>		5,097
Brokering of mortgages		<b>1,232</b>		1,267
	\$	<b>19,954</b>	\$	18,732

Revenue earned from contracts with customers earned over time included in the above (gross of the amortization of franchisee payments) is \$20,899 for the three months ended March 31, 2026 (March 31, 2025—\$19,790).

## 11. FINANCE EXPENSE

<b>For the three months ended March 31,</b>	<b>2026</b>		<b>2025</b>	
Interest expense on debt obligations	\$	<b>381</b>	\$	412
Interest on lease obligations		<b>19</b>		18
Amortization (gain) of debt issuance costs		<b>17</b>		(108)
	\$	<b>417</b>	\$	322

## 12. EARNINGS PER COMMON SHARE

<b>For the three months ended March 31,</b>	<b>2026</b>		<b>2025</b>	
Net income attributable to common shareholders	\$	<b>4,803</b>	\$	6,234
Basic weighted average number of Common Shares		<b>77,094,511</b>		78,424,477
Effect of dilutive instruments		<b>642,221</b>		372,061
Diluted weighted average number of Common Shares		<b>77,736,732</b>		78,796,538
Basic earnings per Common Share	\$	<b>0.06</b>	\$	0.08
Diluted earnings per Common Share	\$	<b>0.06</b>	\$	0.08

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

**13. SUPPLEMENTAL CASH FLOW INFORMATION**

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

<b>For the three months ended March 31,</b>	<b>2026</b>	<b>2025</b>
Trade and other receivables	\$ 6,447	\$ 5,686
Prepaid expenses and deposits	(303)	(1,400)
Accounts payable and accrued liabilities	(9,115)	(4,505)
Deferred contract liabilities	525	(16)
	<b>\$ (2,446)</b>	<b>\$ (235)</b>

**14. 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 an \$84 decrease of income before tax for the three months ended March 31, 2026 (March 31, 2025—\$77 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.

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 March 31, 2026, \$294 of trade receivables were greater than 90 days outstanding (December 31, 2025—\$191), and the provision for total expected credit losses as at March 31, 2026 was \$178 (December 31, 2025—\$184). 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.

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

<b>As at</b>	<b>March 31, 2026</b>		December 31, 2025	
Cash	\$	<b>1,536</b>	\$	2,009
Trade receivables, other receivables, and other assets		<b>15,305</b>		21,515
	\$	<b>16,841</b>	\$	23,524

**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 March 31, 2026, 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	\$ 20,728	\$ 20,728	\$ -	\$ -
Lease obligations <sup>(1)</sup>	597	388	209	-
Revolving loans and borrowings	23,104	-	23,104	-
Term loans and borrowings <sup>(2)</sup>	24,470	5,152	19,318	-
Other liabilities	610	-	610	-
	\$ 69,509	\$ 26,268	\$ 43,241	\$ -

(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</b>	<b>March 31, 2026</b>		December 31, 2025	
Term loans and borrowings	\$	<b>23,841</b>	\$	25,242
Revolving loans and borrowings		<b>23,104</b>		9,405
Less: cash		<b>1,536</b>		2,009
Net loans and borrowings	\$	<b>45,409</b>	\$	32,638
Shareholders' equity	\$	<b>135,366</b>	\$	134,623

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 March 31, 2026 (see note 7).