2024

Audited Financial Statements for the year ended December 31, 2024

BRIDGEMARQ®
REAL ESTATE SERVICES

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Bridgemarq Real Estate Services Inc.

OPINION

We have audited the consolidated financial statements of Bridgemarq Real Estate Services Inc. (the "Company"), which comprise the consolidated balance sheets as at December 31, 2024 and 2023, and the consolidated statements of net and comprehensive earnings (loss), changes in shareholders' deficit and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively, referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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 MATTER

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Business Combination – Refer to Note 3 of the Financial Statements

Key Audit Matter Description

On March 31, 2024, the Company acquired 100% of the outstanding shares of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc. from Brookfield BBP (Canada) Holdings L.P and recognized the assets acquired and the liabilities assumed at fair value, including intangible assets for agent contracts and brands ("intangible assets").

In determining the fair value of the intangible assets, management was required to make assumptions around the forecasted cash flows, future margins, future growth rates, future agent attrition and discount rates.

While there are several estimates and assumptions that are required to determine the fair value of the intangible assets, the estimates with the highest degree of subjectivity are forecasted revenues and discount rates. This required a high degree of auditor judgment and an increased extent of audit effort, including the involvement of fair value specialists.

How the Key Audit Matter was Addressed in the Audit

Our audit procedures related to the forecasted revenues and discount rates used to determine the fair value of the intangible assets included the following, among others:

- Evaluated the reasonableness of the forecasted revenues through consideration of the following:
    - o Historical results of the acquired businesses;
    - o Industry reports that are publicly available; and
    - o Actual results of the acquired businesses post-acquisition.

With the assistance of fair value specialists, evaluated the reasonableness of the discount rates by testing the source information underlying the determination of the discount rates and developing a range of independent estimates and comparing those to the discount rates used by management.

Intangible Assets – Valuation of Franchise Agreements — Refer to Note 9 of the financial statements.

Key Audit Matter Description

The Company's evaluation of the Franchise Agreements for impairment involves the comparison of the recoverable amounts of the Franchise Agreements to their carrying amounts. An impairment charge is recorded when the carrying amount exceeds the recoverable amount. The Company uses a discounted cash flow model to estimate the recoverable amounts of its Franchise Agreements. This requires management to make significant estimates and assumptions around future cash flows and other forward-looking information.

While there are several estimates and assumptions that are required to determine the recoverable amounts of the Franchise Agreements, the estimates with the highest degree of subjectivity are the probability of franchise renewal, forecasts of future revenues from Franchise Agreements and discount rates. Performing audit procedures to evaluate the reasonableness of these estimates required a high degree of auditor judgment and an increased extent of audit effort, including the involvement of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the probability of franchise renewal, forecasts of future revenues from Franchise Agreements and discount rates used by management to determine the recoverable amounts of the Franchise Agreements included the following, among others:

- Evaluated the reasonableness of management's assessment of the probability of franchise renewal used in the future cash flows through consideration to historical renewal experience and market factors.
- Evaluated management's ability to accurately forecast future revenues by comparing actual results to management's historical forecasts.
- Evaluated the reasonableness of management's forecasts of future revenues from Franchise Agreements through consideration of the following:
    - o Historical revenues; and
    - o Trends in industry reports.
- With the assistance of fair value specialists, evaluated the reasonableness of the discount rates by testing the source information underlying the determination of the discount rates and developing a range of independent estimates and comparing those to the discount rates used by management.

OTHER INFORMATION

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

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, 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.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

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 Terng Chen.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 17, 2025

CONSOLIDATED BALANCE SHEETS

As at, (In thousands of Canadian dollars)	Note	December 31, 2024	December 31, 2023
Assets			
Current assets			
Cash		$ 9,088	$ 5,743
Cash held in trust		35,467	–
Accounts receivable	5	5,692	3,494
Current portion of notes receivable	6	145	287
Current income tax receivable	11	155	85
Prepaid expenses and other current assets		3,326	805
		53,873	10,414
Non-current assets			
Notes receivable	6	210	61
Property and equipment	7	2,273	–
Right-of-use assets	8	19,500	–
Deferred income tax asset	11	9,823	6,232
Intangible assets	9	48,140	48,185
Goodwill	10	23,626	–
		$ 157,445	$ 64,892
Liabilities and shareholders' deficit			
Current liabilities			
Accounts payable and accrued liabilities		$ 16,837	$ 1,407
Customer deposits		35,467	–
Lease liabilities	8	3,000	–
Interest payable to Exchangeable Unitholders	14	909	484
Dividends payable to shareholders	16	1,067	1,067
Exchangeable Units	14	93,916	–
Contract transfer obligation	4	–	356
		151,196	3,314
Non-current liabilities			
Debt facilities	12	66,904	67,022
Lease liabilities	8	17,251	–
Deferred income tax liability	11	2,339	–
Deferred payments	3	–	6,235
Contract transfer obligation	4	–	1,616
Exchangeable Units	14	–	43,825
		237,690	122,012
Shareholders' deficit			
Restricted voting shares	16	140,076	140,076
Deficit		(220,321)	(197,196)
		(80,245)	(57,120)
		$ 157,445	$ 64,892

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board

Gail Kilgour
Director

Lorraine Bell
Director

CONSOLIDATED STATEMENTS OF NET AND COMPREHENSIVE EARNINGS (LOSS)

Years ended December 31, (In thousands of Canadian dollars, except share and per share amounts)	Note	2024	2023
Revenues			
Gross commission income		$ 288,360	$ –
Franchise fees		44,994	44,845
Other revenue		17,316	3,609
		350,670	48,454
Expenses			
Commissions		274,907	–
Cost of other revenue		5,150	1,031
Compensation		21,158	–
General and administration	5,17	6,288	2,885
Software, hosting and licensing		3,570	–
Premises		2,387	–
Marketing and communications		2,296	–
Other operating		1,491	–
Management fees	4,17	4,742	19,159
Interest on debt	4,12,17	4,646	2,967
Interest on lease obligation		936	–
Impairment and write-off of intangible assets	9	2,629	201
Depreciation and amortization	7,8,9	11,995	6,894
		342,195	33,137
Operating income		8,475	15,317
Interest on Exchangeable Units	14	(9,628)	(5,806)
Loss on fair value of Exchangeable Units	14	(9,286)	(1,098)
Gain on settlement of deferred payments	4,13	1,224	–
Gain on settlement of contract transfer obligation	4	99	–
Loss on termination of lease		(45)	–
Loss on disposal of property and equipment		(12)	–
Loss on interest rate swap		–	(1,386)
Loss on debt facility amendment		–	(122)
Earnings (loss) before income tax		(9,173)	6,905
Current income tax expense	11	2,907	3,396
Deferred income tax recovery	11	(1,758)	(488)
Income tax expense	11	1,149	2,908
Net and comprehensive earnings (loss)		$ (10,322)	$ 3,997
Basic earnings (loss) per share	16	$ (1.09)	$ 0.42
Weighted average number of shares outstanding used in computing basic (loss) earnings per share		9,483,850	9,483,850
Diluted earnings (loss) per share	16	$ (1.09)	$ 0.42
Weighted average number of shares outstanding used in computing diluted earnings (loss) per share		15,022,126	9,483,850

See accompanying notes to the consolidated financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

(In thousands of Canadian dollars)	Restricted Voting Shares	Deficit	Shareholders' Deficit
Balance, December 31, 2023	$ 140,076	$ (197,196)	$ (57,120)
Net loss	–	(10,322)	(10,322)
Dividends paid	–	(12,803)	(12,803)
Balance, December 31, 2024	**$ 140,076**	**$ (220,321)**	**$ (80,245)**

(In thousands of Canadian dollars)	Restricted Voting Shares	Deficit	Shareholders' Deficit
Balance, December 31, 2022	$ 140,076	$ (188,390)	$ (48,314)
Net earnings	–	3,997	3,997
Dividends paid	–	(12,803)	(12,803)
Balance, December 31, 2023	**$ 140,076**	**$ (197,196)**	**$ (57,120)**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, (In thousands of Canadian dollars)	Note	**2024**	2023
Cash provided by:			
Operating activities			
Net earnings (loss) for the year		**$ (10,322)**	$ 3,997
Adjusted for			
Loss on fair value of Exchangeable Units	14	**9,286**	1,098
Interest expense	9	**15,210**	9,143
Interest paid		**(13,447)**	(9,406)
Interest income		**(1,526)**	(404)
Interest received		**1,526**	404
Current income tax expense	11	**2,907**	3,396
Income taxes paid		**(2,909)**	(3,500)
Deferred income tax recovery	11	**(1,758)**	(488)
Impairment and write-off of intangible assets	9	**2,629**	201
Depreciation and amortization	7,8,9	**12,485**	7,429
Gain on settlement of deferred payments		**(1,224)**	–
Gain on settlement of contract transfer obligation		**(99)**	–
Loss on termination of lease		**45**	–
Loss on disposal of property and equipment		**12**	–
Loss on interest rate swap	12	**–**	1,386
Loss on debt facility amendment	12	**–**	122
Net changes in non-cash working capital		**4,284**	289
		17,099	13,667
Investing activities			
Additions to property and equipment and intangible assets		**(1,528)**	(873)
Cash acquired on acquisition	3	**4,015**	–
Repayment of contract transfer obligation	4	**(4)**	(604)
		2,483	(1,477)
Financing activities			
Financing fees	12	**(158)**	(63)
Lease payments	8	**(3,276)**	–
Dividends paid to shareholders	16,18	**(12,803)**	(12,803)
		(16,237)	(12,866)
Increase (decrease) in cash during the year		**3,345**	(676)
Cash, beginning of the year		**5,743**	6,419
Cash, end of the year		**$ 9,088**	$ 5,743

See accompanying notes to the consolidated financial statements.

1. ORGANIZATION

Bridgemarq Real Estate Services Inc. (“Bridgemarq” and, together with its subsidiaries the “Company”), is incorporated under the *Ontario Business Corporations Act.* Bridgemarq is listed on the Toronto Stock Exchange (“TSX”) under the symbol “BRE”. The registered and head office of the Company is located at 39 Wynford Drive, Suite 200, Toronto, Ontario, M3C 3K5. Through its ownership interest in Residential Income Fund L.P. (the “Partnership”), Bridgemarq owns certain real estate brokerage operations (“Brokerages”), franchise agreements (“Franchise Agreements”) and Trademark Rights (“Trademarks”) of residential real estate brands in Canada.

Bridgemarq directly owns a 61.5% interest in the Partnership which, in turn, directly or indirectly owns 100% of the following entities:

9120 Real Estate Network, L.P. (“VCLP”).
Proprio Direct Inc.
Bridgemarq Real Estate Services Manager Limited (“BRESML” or the “Manager”)
10572314 Canada Inc.
9106-2083 Quebec Inc.
9106-1496 Quebec Inc.
9333-0868 Quebec Inc.
9371-7536 Quebec Inc.
9120-5583 Quebec Inc.
Credit Valley Real Estate Inc.
RLPS GP Inc.
RLPS Limited Partnership
Royal LePage Real Estate Services Ltd.
Sequel Realty Ltd.

In addition, Bridgemarq directly owns a 75% interest in the general partner of the Partnership, Residential Income Fund General Partner Limited (“RIFGP”).

Brookfield BBP (Canada) Holdings L.P (“BBP”), a subsidiary of Brookfield Business Partners L.P, owns the remaining 38.5% interest in the Partnership through its ownership of exchangeable units of the Partnership (the “Exchangeable Units”), the remaining 25% interest in RIFGP through its ownership of 25 common shares in RIFGP and one special voting share of Bridgemarq. The special voting share entitles BBP to a number of votes at any meeting of the restricted voting shareholders equal to the number of restricted voting shares that would be obtained upon the exchange of all the Exchangeable Units held by the holder. In addition, BBP indirectly owns 315,000 restricted voting shares.

On March 31, 2024, the Company completed the acquisition of 100% of the outstanding shares of BRESML and Proprio Direct Inc. (“Proprio Direct”) which were previously owned by BBP (the “Acquisition”).

As a result of the Acquisition, effective March 31, 2024, the Company has two operating segments.

The brokerage operations (“Brokerage Operations”) operates full service real estate brokerage locations in British Columbia, Ontario and Quebec. The Brokerage Operations provide services to real estate sales representatives to support them in assisting businesses or residential customers who wish to buy or sell residential or commercial real estate in Canada.

The franchise services operations (the “Franchise Operations”) provides real estate support services to real estate brokerages and their real estate sales representatives across Canada.

Certain costs associated with the oversight of the Brokerage Operations and the Franchise Operations which are not reasonably allocable to those segments are included as unallocated costs. These include, among other expenses and services, certain executive compensation costs, public company expenses and directors’ fees.

Prior to the Acquisition, the Company received certain management, administrative and support services from BRESML which was acquired as part of the Acquisition (see Note 3 – Acquisition of Brokerage Operations and the Manager). The Partnership is party to an amended and restated Management Services Agreement (the “MSA”) with BRESML which governs the relationship between BRESML and the Company. The MSA has an initial term of ten-years expiring on December 31, 2028. As a result of the Acquisition, the MSA is no longer relevant and is eliminated on the consolidation of the operating results of BRESML into the Company as of April 1, 2024.

2. MATERIAL ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board® have been authorized for issuance by the Board of Directors of Bridgemarq on March 17, 2025.

The consolidated financial statements have been prepared on a going concern basis and include the accounts of the Company.

Cash

Cash, and cash equivalents, comprise cash on hand and cash equivalents. Cash equivalents are short-term (generally with a maturity of three months or less) highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash equivalents are held for meeting short-term cash requirements and not for investment purposes.

Cash Held in Trust

Cash held in trust represents customer deposits held in trust accounts established pursuant to provincial regulations. The Company recognizes a corresponding customer deposit liability until the funds are released upon settlement of a real estate transaction.

Accounts Receivable and Notes Receivable

Accounts receivables and notes receivable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for uncollectable amounts.

Leases

The Company leases its operating premises and certain office equipment. Right-of-use assets represent the Company's right to use an underlying asset for the term of the lease and lease liabilities represent the Company's obligation to make lease payments under the terms of the lease. At the commencement of a lease arrangement, the Company records a liability for its lease obligation measured at the present value of the future lease payments adjusted for lease incentives and a right-of-use asset equal to the lease liability, adjusted for any prepayments and lease incentives received. The lease obligation is determined with reference to the term of the lease. Some leases include one or more options to renew or terminate the lease. The exercise of a lease renewal or termination option is assessed at the commencement of the lease and is reflected in the lease term if it is reasonably certain that the option will be exercised. The interest on the lease obligation is recorded as interest expense on lease obligation and recognized using the effective interest method over the term of the lease. Upon termination of a lease, the carrying amount of the right-of-use asset is derecognized and any gain or loss is recognized in the consolidated statement of net and comprehensive earnings (loss).

In addition to the contractual rental payments owing under individual lease agreements used in determining the cost amount of right-of-use assets, the Company may be obligated to pay other ancillary costs associated with the leased assets. These include utilities at leased premises, operating costs and operating escalation, property taxes, cleaning services and maintenance for leased assets. These expenses which are not reflected in the carrying value of right-of-use assets are charged to the consolidated statement of net and comprehensive earnings (loss) as they are incurred.

Property and Equipment

Property and equipment includes furniture, fixtures, office equipment and leasehold improvements. Property and equipment are recorded at their initial cost, less accumulated depreciation. Depreciation expense on property and equipment is based on the estimated useful lives of the related assets which range from 3-5 years. Leasehold improvements are amortized over the lower of their estimated useful life or the term of the underlying lease.

Intangible Assets

Intangible assets, consist of sales representative contracts between brokerages and their sales agents ("Agent Agreements"), Franchise Agreements, Trademarks, brands ("Brands") and franchise agreement expenses and are accounted for using the cost method. Brands are recorded at initial cost less accumulated impairment losses and are not amortized as they are considered to have an indefinite useful life. All other intangible assets are recorded at initial cost less accumulated amortization and accumulated net impairment losses.

Agent agreements, while short-term in nature, are subject to a very high rate of renewal and are amortized on a straight-line basis over a five-year period. Franchise and other Agreements are amortized over the term of the agreements plus one renewal period using the straight-line method on an agreement-by-agreement basis. Trademarks are amortized on a straight-line basis over their expected useful lives of 30 years.

Franchise agreement expenses may be incurred prior to or concurrent with entering into Franchise Agreements and may include direct payments to franchisees or prospective franchisees as well as contract specific legal costs. The Company may also provide fee rebates to franchisees under certain circumstances. These costs and rebates (net of any amounts recovered from franchisees) are capitalized on an agreement-by-agreement basis and amortized over the same term as the agreement to which they relate or, where the underlying agreement is less than a year, charged to the consolidated statement of net and comprehensive earnings (loss). The amortization charge for these fee rebates and any franchise agreement expenses represented by cash payments or rebates to franchisees is recorded as a reduction in revenues.

The Company reviews intangible assets each reporting period to determine whether indicators of impairment or a reversal of impairment exists on Agent Agreements, Franchise Agreements and Trademarks. Brands are reviewed annually or whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. When reviewing for indicators of impairment or reversal of impairment of Agent Agreements and Franchise Agreements, the Company considers certain factors including, the financial performance of the underlying business, revenues earned, term to maturity of the relevant agreement, historical REALTOR® count, collectability of receivables, estimated future revenues expected to be earned and underlying market conditions. Where indicators of impairment exist, the Company recognizes impairment charges if the carrying amount of an Agent Agreement or Franchise Agreement exceeds its recoverable amount (recoverable amount is determined as the higher of a) estimated fair value less costs of disposal and b) value-in-use). Where the counterparties of one or more Franchise Agreements combine their operations by way of a merger, acquisition or other combination subsequent to entering into the initial Franchise Agreement, the carrying value of the underlying intangible assets are combined for purposes of evaluating impairment. Under the terms of the MSA, management fees were not directly allocable to individual Franchise Agreements but, rather, were considered on an aggregate basis for purposes of evaluating impairment on the total portfolio of Franchise Agreements. As a result of the Acquisition and direct ownership of the Manager, the operating costs of the Manager are now allocated to individual Franchise Agreements for purposes of evaluating impairment.

If the carrying value of the intangible asset exceeds the recoverable amount, the intangible asset is written down to the recoverable amount and an impairment loss is charged to the consolidated statement of net and comprehensive loss in the period. When an intangible asset has been previously written down to its recoverable amount as a result of recording an impairment loss and the conditions causing such an impairment loss have become more favourable, the previously recorded impairment loss may be reversed. Where an impairment loss is reversed, the carrying value of the intangible asset is increased to its revised recoverable amount (the lesser of a) the revised estimate of its recoverable amount, and b) the carrying amount that would have been recorded had no impairment loss been recognized previously) and an impairment reversal is recognized as income in the period.

Intangible assets subject to early termination or non-renewal, are written off in the period of termination or when non-renewal becomes reasonably assured.

Goodwill

Goodwill represents the excess of consideration paid over the fair value of the net tangible assets and identifiable intangible assets acquired in the Acquisition. Goodwill is not amortized, but is subject to impairment testing annually, or whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The impairment assessment is performed at the individual brokerage level.

The assessment of goodwill impairment compares the carrying value of each cash generating unit, including the carrying value of the related goodwill to its respective recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. Where the carrying value of the goodwill is in excess of its recoverable amount, an impairment charge for the excess is recorded in the Company's consolidated statements of net and comprehensive earnings (loss).

In determining the fair value less costs of disposal, the fair value of each cash-generating unit is estimated using the income approach, a discounted cash flow method. The fair value less costs of disposal of the Company's cash-generating units is determined utilizing the Company's annual operating plans, and long-term cash flow forecasts (including best estimates of future revenues and operating expenses, including commission expense) and terminal value assumptions as well as market and general economic conditions, trends in the industry. In addition, management uses other assumptions that management believes are reasonable including discount rates, cost of capital, trademark royalty rates, and long-term growth rates.

Revenue Recognition

Brokerage Operations

Gross commission income of the Brokerage Operations is recognized at the point in time when a real estate transaction is closed and finalized by the REALTOR® and/or a lease is signed by the vendor or lessor. The commission expense that the Company pays to REALTORS® is recognized concurrently with the associated revenue.

Other revenues earned by the Brokerage Operations include amounts received from brokerages to conduct advertising campaigns and amounts received from REALTORS® for miscellaneous services provided by the brokerages such as rent and deal processing. Other revenue is recognized at the time when the service is provided to the REALTOR®. The direct costs associated with other revenues are recorded as cost of other revenue in the consolidated statements of net and comprehensive earnings (loss).

Franchise Operations

Certain of the information and services provided to REALTORS® and real estate brokers (the "Service Offering") are provided in exchange for franchise fees received from franchisees. Franchisees who pay franchise fees under the Franchise Agreements cannot elect to purchase any service under the Service Offering individually or on a stand-alone basis.

Franchise fees include franchise fees which have both fixed and variable components. Fixed franchise fees are payable to the Company as a fixed monthly amount per REALTOR® and are recognized over time, which is when the control of the services and the right to use the Trademarks are transferred to the customer. Variable franchise fees are payable to the Company based on a percentage of a REALTORS®'s gross commission income earned on a transaction, subject to a cap, and are recognized at the point in time when a residential real estate transaction is closed and finalized by the REALTOR® and/or a lease is signed by the vendor or lessor.

In addition to the Service Offering, the Franchise Operations provides certain ancillary services to franchisees which can be purchased or utilized at the option of the franchisee independent of the Service Offering. These revenues include registration and attendance fees charged for awards, networking and other events, referral fees charged to external companies, lead management services provided to franchisees and other miscellaneous revenues. These revenues are recognized at the time the Company has completed its obligation under the relevant agreement or arrangement. The direct costs associated with lead management and other revenues are recorded as cost of other revenue in the consolidated statements of net and comprehensive earnings (loss).

The Company's revenues are affected by the seasonality of Canadian real estate markets, which historically have seen stronger transactional dollar volumes in the second and third quarters of each year. Recently, these seasonality patterns have not been consistent with these historical patterns and there can be no certainty that these historical seasonality patterns will recur in any future year.

Exchangeable Units

Exchangeable Units represent the future distribution obligation of the Company in respect of Class B LP units of the Partnership, and are convertible, on a one-for-one basis, subject to adjustment, into restricted voting shares of Bridgemarq. These financial instruments are classified as a financial liability under IAS 32 as conversion is at the option of the holder as well as by virtue of the Partnership Agreement, whereby the Partnership is required to distribute all of its income to the partners. The Company records any changes in the fair value of the Exchangeable Units through net and comprehensive earnings in the period the change occurs. The fair value of these financial liabilities is based on the market price of Bridgemarq's restricted voting shares and the number of Exchangeable Units outstanding at the reporting date. Under certain amendments to IAS 1 "Presentation of Financial Statements" issued by the International Accounting Standards Board in October 2022, a company can classify a liability as non-current only if it has the right to defer settlement of that liability for a period of at least twelve months after the reporting date. Under the terms of the Exchangeable Units, the Company cannot defer the conversion of the Exchangeable Units into restricted voting shares if such conversion is requested by the holder of the Exchangeable Units. As such, effective January 1, 2024, the Company must classify the Exchangeable Units as a current liability notwithstanding the fact that the Company considers the Exchangeable Units to represent equity in the Company and that they can only be settled through the issuance of restricted voting shares of Bridgemarq and not through the payment of cash.

Income Taxes
Current income tax assets are measured at the net amount expected to be recovered from tax authorities based on the tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred income tax assets or liabilities are determined using the liability method on temporary differences between the tax bases and the carrying amounts of assets and liabilities. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, if any, to the extent that it is probable that deductions, tax credits and tax losses will be utilized to reduce taxes owing in future periods. The carrying amount of deferred income tax assets is reviewed periodically and reduced to the extent it is no longer probable that the income tax asset will be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability settled, based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Earnings Per Share
Earnings per share is based on the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated to reflect the dilutive effect, if any, of the Exchangeable Unitholders exercising their right to exchange Class B LP units of the Partnership into restricted voting shares of Bridgemarq.

Financial Instruments
The Company classifies its financial instruments as follows:

Financial Statement Item:	Classification:	Measurement:
Cash	Amortized Cost	Amortized Cost
Accounts receivable	Amortized Cost	Amortized Cost
Notes receivable	Amortized Cost	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost	Amortized Cost
Interest payable to Exchangeable Unitholders	Amortized Cost	Amortized Cost
Dividends payable to shareholders	Amortized Cost	Amortized Cost
Debt facilities	Amortized Cost	Amortized Cost
Exchangeable Units	FVTPL	Fair Value

Critical Judgements and Estimates
The preparation of financial statements requires management to select appropriate accounting policies and to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In particular, critical accounting policies and estimates utilized in the normal course of preparing the Company's consolidated financial statements require the determination of cash generating units, the estimation of future cash flows utilized in assessing the fair value and related net impairment or recovery of intangible assets and goodwill, assessing the recoverability of accounts receivable, measuring deferred income taxes, measuring the fair value of the Exchangeable Units and measuring fair values of assets and liabilities used for disclosure purposes.

In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates have been applied in a manner consistent with prior periods. Estimates used in the preparation of our financial statements including those associated with evaluations of intangible assets and collectability of accounts receivable may be subject to significant adjustments in future periods. The estimates are impacted by, among other things, movements in interest rates, changes in Canadian housing markets, other changes in the Canadian economy and cash flow forecasts, which are judgements and are uncertain. The interrelated nature of these factors prevents the Company from quantifying the overall impact of these movements on the Company's consolidated financial statements as, the estimates used by the Company may not be indicative of actual results. These sources of estimation uncertainty relate in varying degrees to virtually all asset and liability account balances.

The following are the critical judgements that have been made in applying the Company's accounting policies and that have the most significant effect on the amounts in the consolidated financial statements:

Forward Looking Information for Accounts Receivable and Notes Receivable

The measurement of estimated credit losses for accounts receivable and notes receivable and the assessment of increases in credit risk consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement and is uncertain. In assessing the valuation of accounts receivable, the Company evaluates each franchisee's historical payment patterns, the current financial health of the franchisee and expected or possible changes in future events or market conditions to determine whether an allowance for doubtful accounts should be recorded or reversed.

Impairment of Intangible Assets and Recovery of Impairment

The Company ensures that the carrying value of intangible assets is not higher than its recoverable amount (i.e. the higher of: a) fair value less costs of disposal; and. b) value-in-use). The Company reviews intangible assets at each reporting period to determine whether indicators of impairment or a reversal of impairment exist on Agent Agreements, Franchise Agreements, franchise agreement expenses and Trademarks, while Brands are reviewed annually. Determining whether the value of an intangible asset is impaired or has increased requires considerable judgement. When reviewing indicators for impairment or recovery of previously impaired intangible assets, the Company considers certain factors including; the financial performance of the underlying business, revenues earned, term to maturity of relevant contractual arrangements, historical agent count, collectability of receivables, estimated future revenues expected to be earned and underlying market conditions. The estimation of future cash flows and other forward-looking information requires significant judgement and is highly uncertain.

Impairment of Goodwill

The Company annually reviews the carrying value of goodwill to determine if there is any impairment. Determining whether the value of goodwill is impaired requires considerable judgement. The assessment of impairment involves the use of accounting estimates and assumptions, changes in which could result in material differences between the actual financial condition or operating performance of the underlying business compared to the financial condition or operating performance implied using such estimates and assumptions. Furthermore, significant negative industry or economic trends, disruptions to the business, unexpected significant changes or planned changes in use of the assets, a decrease in business results, growth rates that fall below management's assumptions, divestitures, or a significant loss in the number of sales representatives at a given brokerage may have a negative effect on the fair values and key valuation assumptions. The estimation of future cash flows and other forward-looking information requires significant judgement and is highly uncertain.

Fair Value of Assets and Liabilities in a Business Combination

On March 31, 2024, the Company acquired the shares of BRESML and Proprio Direct. The fair value of assets acquired and liabilities assumed in a business combination are estimated based on information available at the date of acquisition and involves considerable judgement in determining the fair values assigned to property and equipment and intangible assets acquired and liabilities assumed as a result of the Acquisition. The determination of these fair values involves analysis including the use of discounted cash flow models, estimated future margins, future growth rates and estimated future customer attrition. There is measurement uncertainty inherent in this analysis, particularly in the fair value measurement of contingent consideration, and actual results could differ from estimates.

Standards and Interpretations Not Yet Adopted

On April 4, 2024, the International Accounting Standards Board published IFRS 18 "Presentation and Disclosure in Financial Statements" that will replace IAS 1 "Presentation of Financial Statements. IFRS 18 includes a number of changes including, among other things, prescribed sub-totals and classifications in the financial statements, guidance on whether information should be included in the financial statements or the notes to those financial statements and the introduction of disclosures on management-defined performance measures (MPMs), which include both financial and non-financial performance measures. The Company is currently assessing the impact of this standard as the implementation of IFRS 18 is expected to significantly affect the presentation of the Company's financial statements. This standard will be effective for annual reporting periods beginning on or after January 1, 2027.

On May 30, 2024, the IASB issued amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures". The amendments are intended to, among other things, clarify the date of recognition and derecognition of some financial assets and liabilities, clarify and add additional guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion and add new disclosures for instruments with contractual terms that can change cash flows (including those with Environmental, Social, and Governance (ESG)-linked features). The IASB also updated the disclosure requirements relating to equity instruments designated at fair value through other comprehensive income (FVOCI) and added disclosure requirements for financial instruments with contingent features. The amendments will be effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company is currently assessing the impacts to the consolidated financial statements.

3. ACQUISITION OF BROKERAGE OPERATIONS AND THE MANAGER

On March 31, 2024, the Company completed the Acquisition and settled certain deferred payments owing to BBP. The Acquisition was completed by way of a purchase of the outstanding shares of BRESML and Proprio Direct from BBP and results in the company diversifying into the real estate brokerage business and simplifying its management structure.

Under the regulations of the Toronto Stock Exchange, the Company was required to obtain approval of the transaction from the holders of restricted voting shares who are independent of BBP. This approval was obtained on March 25, 2024. The Company incurred costs of $956 (2023 – $1,530) to negotiate the Acquisition and to obtain the necessary shareholder and regulatory approvals. These transaction-related costs were charged to the consolidated statement of net and comprehensive earnings (loss) as general and administration expenses and included the cost of legal advisors and financial advisors and, incremental fees paid to directors of the Company who evaluated the terms of the Acquisition and other costs.

Consideration to acquire these assets consisted of 2,856,792 Exchangeable Units, with a value of $39,909 based on the closing price of Bridgemarq's restricted voting shares on March 28, 2024 and a cash payment of $131 on June 26, 2024 to reflect the excess of the actual working capital acquired over the working capital estimated balances used at the time of closing the Acquisition. The settlement of the deferred payments to BBP was completed by way of the issuance of 64,085 Exchangeable Units on March 31, 2024 with a value of $895.

The Company has accounted for the Acquisition using the acquisition method in accordance with IFRS 3 Business Combinations and the results of the acquired businesses are consolidated with those of the Company from April 1, 2024.

The identifiable assets and liabilities acquired in the transaction are as follows:

Fair value of Exchangeable Units issued	$	39,909
Cash paid for working capital adjustment	$	131
Less:		
Cash acquired		(4,146)
Settlement of pre-existing relationships		2,432
Net Consideration	$	38,326
Cash held in trust	$	52,367
Accounts receivable		3,091
Other current assets		4,246
Property and equipment		2,599
Other non-current assets		217
Right-of-use assets		19,034
Deferred income taxes, net		(539)
Intangible assets		18,940
Goodwill		23,626
Accounts payable and accrued liabilities		(13,883)
Customer deposits		(52,367)
Lease liabilities		(19,005)
Net assets acquired	$	38,326

The valuation of the net assets acquired as a result of the Acquisition are based on the Company's provisional assessment of their fair values. The fair value of the financial assets acquired includes accounts receivable with a fair value that approximates its gross contractual cash flows expected to be collected. The value of net assets acquired may be subject to further adjustment.

Management has assessed that none of the goodwill acquired in the Acquisition will be deductible for income tax purposes.

The operating results of BRESML and Proprio Direct are included in the consolidated statement of net and comprehensive earnings (loss) from April 1, 2024. On a pro forma basis, had the Acquisition of BRESML and Proprio Direct been completed on January 1, 2024, the additional revenue and net earnings available to common shareholders for the three months ended March 31, 2024 would have increased by $56,779 and $1,030, respectively. For the nine months ended December 31, 2024, the statement of net earnings and comprehensive earnings (loss) reflect revenues generated by the operations acquired as a result of the Acquisition of $300,012 and a net loss available to holders of Restricted Voting Shares of $2,008.

4. MANAGEMENT SERVICES AGREEMENT

Under the terms of the MSA, the Manager provides certain management, administrative and support services to the Company. As a result of the Acquisition, the MSA is no longer relevant and is eliminated on the consolidation of the operating results of BRESML into the Company as of April 1, 2024.

The monthly fee payable to the Manager was equal to a fixed management fee of $840 plus a variable management fee equal to a) the greater of i) 23.5% of the distributable cash (as defined in the MSA) of the Company before management fees or ii) 0.342% of the market value of the restricted voting shares on a diluted basis for the first five years of the term of the MSA, and b) the greater of i) 25% of the distributable cash (as defined in the MSA) of the Company before management fees or ii) 0.375% of the market value of the restricted voting shares on a diluted basis thereafter.

For the three months ended March 31, 2024, the Company incurred management fees of $4,854 of which $4,742 was charged to the consolidated statements of net and comprehensive earnings (loss) and $112 was used to reduce the contract transfer obligation owing to the Manager, plus related interest. The Company recorded a gain of $99 when the contract transfer obligation was settled on March 31, 2024 as a result of the Acquisition. For the year ended December 31, 2023, the Company incurred management fees of $19,876 for these services, $19,159 of which was charged to the consolidated statements of net and comprehensive earnings and $717 served to reduce the contract transfer obligation owing to the Manager plus related interest.

5. ACCOUNTS RECEIVABLE

As at December 31, 2024, the Company had accounts receivable of $5,692 (2023 – $3,494) net of an allowance for doubtful accounts of $407 (2023 – $115). During year ended December 31, 2024, administration expense included a bad debt expense $285 (2023 – $76).

Management reviews accounts receivable to determine whether an allowance for doubtful accounts is required by assessing the collectability of receivables owing from each individual debtor. This assessment takes into consideration certain factors including the aging of outstanding balances, debtor operating performance, historical payment patterns, current collection efforts, relevant forward-looking information and the Company's security interests, if any.

The table below summarizes the aging of accounts receivable as at December 31, 2024.

As at,	**December 31, 2024**	December 31, 2023
Current	**$ 3,872**	$ 2,860
30 days past due	**718**	418
60 days past due	**505**	188
90+ days past due	**1,004**	143
Subtotal	**$ 6,099**	$ 3,609
Allowance for doubtful acccounts	**(407)**	(115)
Accounts receivable	**$ 5,692**	$ 3,494

The Company recognizes revenues in income to the extent that collection is reasonably assured at the time the revenue is earned.

6. NOTES RECEIVABLE

Notes receivable represent formalized payment plans in respect of franchise fees due to the Company which were in arrears as well as financing provided to a franchisee related to an acquisition completed in a prior year. Amounts under franchise fee payment plans are due prior to December 2026 with those due greater than one year from the financial statement date being classified as non-current. The financing provided to an affiliate brokerage is non-interest bearing and has no fixed term. Monthly repayments are determined based on the profitability of the acquired brokerage.

7. PROPERTY AND EQUIPMENT

	Furniture, fixtures and equipment	Leasehold improvements	Total
Cost			
At December 31, 2023	$ –	$ –	$ –
Additions related to business combination (note 3)	576	2,023	2,599
Additions	134	211	345
Disposals	(9)	(36)	(45)
At December 31, 2024	**$ 701**	**$ 2,198**	**$ 2,899**
Accumulated Depreciation			
At December 31, 2023	$ –	$ –	$ –
Depreciation Expense	(233)	(398)	(631)
Disposal	2	3	5
At December 31, 2024	**$ (231)**	**$ (395)**	**$ (626)**
Carrying Value			
At December 31, 2023	$ –	$ –	$ –
At December 31, 2024	**$ 470**	**$ 1,803**	**$ 2,273**

8. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The table below summarizes the Right of Use Assets as at December 31, 2024.

	Property	Equipment	Total
Cost			
At December 31, 2023	$ –	$ –	$ –
Additions related to business combination (note 3)	18,784	250	19,034
Additions	3,656	67	3,723
Terminations	(367)	–	(367)
At December 31, 2024	**$ 22,073**	**$ 317**	**$ 22,390**
Accumulated amortization			
At December 31, 2023	$ –	$ –	$ –
Amortization Expense	(2,908)	(167)	(3,075)
Terminations	185	–	185
At December 31, 2024	**$ (2,723)**	**$ (167)**	**$ (2,890)**
Carrying value			
At December 31, 2023	$ –	$ –	$ –
At December 31, 2024	**$ 19,350**	**$ 150**	**$ 19,500**

The table below summarizes the Lease Liabilities as at December 31, 2024.

As at,	December 31, 2024	December 31, 2023
Balance, beg		
Balance, beginning of year	$ –	$ –
Additions related to business combination (note 3)	19,005	–
Additions	3,723	–
Interest expense	936	–
Disposals	(137)	–
Payment of lease liabilities	(3,276)	–
Balance, end of period	**$ 20,251**	**$ –**

	December 31, 2024	December 31, 2023
Current portion of lease liabilities	$3,000	$ –
Long-term portion of lease liabilities	17,251	–
Total lease liabilities	**$ 20,251**	**$ –**

9. INTANGIBLE ASSETS

Franchise agreement expenses are recorded as additions to intangible assets net of any recovery of previously paid franchise agreement expenses.

For the year ended December 31, 2024, the Company identified 27 Franchise Agreements with a carrying amount in excess of their recoverable amount (2023 – five) resulting in a net impairment charge of $2,629 (2023 – $201).

A summary of intangible assets as at December 31, 2024 and 2023 is provided in the charts below.

	Franchise Agreements & Ancillary Agreements	Trademarks	Agent Contract & Reacquired Rights	Brands	Total
Cost					
At December	$ 244,607	$ 5,427	$ –	$ –	$ 250,034
Adjustments from business combination (note 3)	(38,927)	–	16,440	2,500	(19,987)
Additions	1,183	–	–	–	1,183
Impairment and write-off	(5,913)	–	–	–	(5,913)
At December 31, 2024	**$ 200,950**	**$5,427**	**$16,440**	**$2,500**	**$225,317**
Accumulated amortization					
At December 31, 2023	(198,094)	$ (3,755)	$ –	$ –	$ (201,849)
Adjustments from business combination (note 3)	30,168	–	–	–	30,168
Amortization expense	(5,509)	(188)	(3,083)	–	(8,780)
Impairment and write-off	3,284	–	–	–	3,284
At December 31, 2024	**$ (170,151)**	**$ (3,943)**	**$ (3,083)**	**$ –**	**$ (177,177)**
Carrying value					
At December 31, 2023	$ 46,513	$ 1,672	$ –	$ –	$ 48,185
At December 31, 2024	**$ 30,799**	**$ 1,484**	**$ 13,357**	**$ 2,500**	**$ 48,140**

	Franchise Agreements & Ancillary Agreements	Trademarks	Agent Contracts	Brands	Total
Cost					
At December 31, 2022	$ 244,865	$ 5,427	–	–	$ 250,292
Franchise agreement expenses and rebates	873	–	–	–	873
Write-off	(1,131)	–	–	–	(1,131)
At December 31, 2023	**$ 244,607**	**$ 5,427**	**$ –**	**$ –**	**$ 250,034**
Accumulated amortization					
At December 31, 2022	$ (191,779)	$ (3,571)	–	–	$ (195,350)
Amortization expense	(7,245)	(184)	–	–	(7,430)
Write-off	930	–	–	–	930
At December 31, 2023	**$ (198,094)**	**$ (3,755)**	**$ –**	**$ –**	**$ (201,849)**
Carrying value					
At December 31, 2022	$ 53,086	$ 1,856	$ –	$ –	$ 54,942
At December 31, 2023	**$ 46,513**	**$ 1,672**	**$ –**	**$ –**	**$ 48,185**

Adjustments from business combinations includes the settlement of the franchise agreements that existed between the Company and the Brokerage Operations prior to the Acquisition.

10. GOODWILL

As part of the Acquisition, the Company recorded goodwill of $23,626 on March 31, 2024 (see Note 3 – Acquisition of Brokerage Operations). The qualitative benefits associated with brokerages acquired as part of the Acquisition which are not identified as intangible assets or brands include unique geographic office and market locations, strong market share in the areas they operate, strong relationships with their independent sales representatives and opportunities for future growth and business development.

11. INCOME TAXES

The Company uses the liability method of tax allocation in accounting for income taxes. Under this method, temporary differences between the carrying amount of balance sheet items and their corresponding tax basis result in either deferred income tax assets or liabilities. Deferred income taxes are computed using substantively enacted tax rates applicable to the years in which the temporary differences are expected to reverse.

A reconciliation of income taxes at Canadian statutory rates with reported income taxes is as follows:

	2024	2023
Earnings (loss) before income tax recovery for the year:	**$ (9,173)**	$ 6,905
Expected income tax expense (recovery) at statutory rate of 26.5% (2023 – 26.5%)	**(2,431)**	1,830
Increase (decrease) in income tax expense due to the following:		
Non-deductible amortization	**1,186**	468
Non-deductible loss on fair value of Exchangeable Units	**2,461**	291
Non-deductible interest on Exchangeable Units	**2,552**	1,539
Income allocated to Exchangeable Unitholders	**(1,432)**	(1,186)
Adjustments for prior years and other	**(1,187)**	(34)
Total income tax expense	**$ 1,149**	$ 2,908

The major components of income tax expense include the following:

	2024	2023
Current income tax expense	**$ 2,907**	$ 3,396
Deferred income tax expense (recovery)	**(1,758)**	(488)
Total income tax expense	**$ 1,149**	$ 2,908

The significant components of the Company's deferred tax assets are as follows:

	Opening Balance	**Business Acquisition**	**Net Changes**	**Total**
Deferred tax assets:				
Intangible assets	$ 5,820	$ (2,250)	$ 888	$ 4,458
Lease liability	–	5,076	303	5,379
Tax loss carry forward	–	3,747	(615)	3,132
Other, net	412	148	(512)	48
Deferred income tax liabilities:				
Right-of-use assets	$ –	$ (5,050)	$ (130)	$ (5,180)
Property and equipment	–	(409)	56	(353)
Deferred tax asset	**$ 6,232**	**$ 1,262**	**$ (10)**	**$ 7,484**

Classification in the Consolidated Financial Statements	December 31, 2024	December 31, 2023
Deferred income tax assets (liabilities):	$ 9,823	$ 6,232
Deferred income tax recovery (expense)	(2,339)	–
Deferred tax asset	**$ 7,484**	**$ 6,232**

12. DEBT FACILITIES

The Company's debt is comprised of the following debt facilities:

As at,		December 31, 2024		December 31, 2023
Term facility	$	55,000	$	55,000
Acquisition facility		12,000		12,000
	$	67,000	$	67,000
Debt facility amendment adjustments and financing fees		(96)		22
Debt facilities	$	66,904	$	67,022

The Company has $95,000 (December 31, 2023 – $90,000) in financing available under a borrowing agreement with a Canadian Chartered Bank which matures on December 31, 2026 ("Maturity"). Effective March 31, 2024, the Company agreed to certain amendments to the debt facilities in consideration of the Acquisition, including an increase in the Operating Facility from $5,000 to $10,000.

The debt facilities under this agreement are comprised of the following;

A $55,000 non-revolving term variable rate facility (the "Term Facility"). Repayment of principal outstanding is due on Maturity.

A $30,000 revolving acquisition facility (the "Acquisition Facility") is available to support acquisitions pursued by the Company. A standby fee of 0.15% applies on undrawn amounts under the Acquisition Facility. Repayment of principal outstanding is due on Maturity.

A $10,000 revolving operating facility (the "Operating Facility") is available to meet the Company's day-to-day operating requirements. No amounts have been drawn on this facility at December 31, 2024.

Borrowings under each of these arrangements are secured by a first ranking security interest in substantially all assets of the Company and bear interest at a variable rate of Banker's Acceptances (BAs) +2.00% or Prime + 0.8%, (2023 – BAs + 1.70% or Prime + 0.5%) at the option of the Company.

The Company's ability to borrow under these arrangements is subject to the Company maintaining certain financial covenants. Under these covenants, the Company must maintain a ratio of Consolidated EBITDA to Interest Expense on Senior Indebtedness at a minimum of 3.0 to 1 and a ratio of Senior Indebtedness to Consolidated EBITDA at a maximum of 4.0 to 1. The Company is obligated to make limited principal repayments under the Debt Facilities in circumstances where the ratio of Senior Indebtedness to Consolidated EBITDA exceeds 3.4:1. Such payments shall continue until the ratio of Senior Indebtedness to Consolidated EBITDA is less than 3.25:1.

Consolidated EBITDA is defined as operating income before deducting interest on debt, interest on lease obligation, impairment and write-off of intangible assets and depreciation and amortization. Senior Indebtedness is defined as borrowings on the Company's debt facilities. At December 31, 2024 and December 31, 2023, the Company complied with all covenants under the debt facilities.

The Company had entered into an interest rate swap agreement to swap the variable interest rate obligation on the $55,000 Term Facility to a fixed rate obligation of 3.94% through to December 31, 2023. For the year ended December 31, 2023, the Company recognized a fair value loss of $1,386 on the interest rate swap.

13. DEFERRED PAYMENTS

The Company owed certain management fees to the Manager and interest on Exchangeable Units to BBP totaling $6,616 that were deferred in a prior year. The management fees owing to the Manager were effectively settled as a result of the Acquisition. The interest on Exchangeable Units owing to BBP were settled as a result of the issuance of 64,085 Exchangeable Units to BBP on March 31, 2024. These deferred payments were non-interest bearing. On initial recognition, the Company recorded these deferred payments at their fair value using an income approach to determine fair value. For the three months ended March 31, 2024, the Company recorded interest expense of $62 (year ended December 31, 2023 – $243) reflecting accretion of the carrying value of the deferred payments using the effective interest rate method. The Company recorded a gain of $1,224 related to the fair value and settlement of the deferred payments as a result of the Acquisition.

14. EXCHANGEABLE UNITS

On March 31, 2024, the Company issued 2,920,877 Exchangeable Units to BBP pursuant to the Acquisition and the settlement of certain deferred payments owing to BBP bringing the total number of Exchangeable Units outstanding to 6,248,544 (see Note 3 – Acquisition of Brokerage Operations and the Manager and Note 13 – Deferred Payments).

The Exchangeable Units are exchangeable on a one-for-one basis for restricted voting shares of Bridgemarq at the option of the holder. If a takeover bid is made for 25% or more of the outstanding restricted voting shares of Bridgemarq and a contemporaneous identical offer is not made for the Exchangeable Units, the holder can exchange the Exchangeable Units at a ratio of 1.1 restricted voting shares per Exchangeable Unit subject to adjustment in certain cases. Under no circumstance can the holder exchange the Exchangeable Units for any asset other than restricted voting shares.

The Company measures the Exchangeable Units at their fair value using the closing price of the Company's restricted voting shares listed on the TSX. At December 31, 2024, the Company used the closing market price of Bridgemarq's shares of $15.03 (December 31, 2023 – $13.17). During the year ended December 31, 2024, the Company recorded a loss of $9,286 related to the fair value of the Exchangeable Units (2023 –$1,098).

The Exchangeable Unitholders are entitled to cash distributions from the Partnership in respect of their economic interest in the Partnership as and when declared by the Board of Directors of RIFGP. Such distributions are made on a before tax basis and are directly taxable in the hands of the Exchangeable Unitholders. For year ended December 31, 2024, the Board of Directors of RIFGP declared distributions payable to the Exchangeable Unitholders of $9,628 (2023 – $5,806).

15. SHARE CAPITAL

Bridgemarq is authorized to issue an unlimited number of restricted voting shares, an unlimited number of preferred shares and one special voting share.

Each restricted voting share represents a proportionate voting right in Bridgemarq, and holders of the restricted voting shares are entitled to dividends declared and distributed by Bridgemarq. No additional restricted voting shares were issued during the year ended December 31, 2024 or the year ended December 31, 2023.

No preferred shares were issued or outstanding as at December 31, 2024 or December 31, 2023.

The special voting share represents the proportionate voting rights of the Exchangeable Unitholders of the Partnership. The special voting share is redeemable by the holder at $0.01 per share, and the holder is not entitled to dividends declared by Bridgemarq.

The following table summarizes the outstanding shares of Bridgemarq:

As at December 31,	2024	2023
Restricted voting shares	9,483,850	9,483,850
Special voting share	1	1

16. EARNINGS PER SHARE

Basic and diluted earnings per share has been determined as follows:

(In thousands of Canadian dollars, except share and per share amounts)	2024	2023
Net earnings (loss) available to restricted voting shareholders – basic	$ (10,322)	$ 3,997
Interest on Exchangeable Units	9,628	5,806
Loss on fair value of Exchangeable Units	9,286	1,098
Net earnings available to restricted voting shareholders – diluted	$ 8,592	$ 10,901
Weighted average number of shares outstanding used in computing basic earnings per share	9,483,850	9,483,850
Total outstanding Exchangeable Units	6,248,544	3,327,667
Weighted average number of shares outstanding used in computing diluted earnings per share	15,022,126	9,483,850
Basic earnings (loss) per share	$ (1.09)	$ 0.42
Diluted earnings (loss) per share	$ (1.09)	$ 0.42
Dividends declared	$ 12,803	$ 12,803
Restricted voting shares	9,483,850	9,483,850
Dividends per restricted voting share	$ 1.35	$ 1.35

17. RELATED PARTY TRANSACTIONS

In addition to transactions disclosed elsewhere in the consolidated financial statements, the Company had the following transactions with related parties, including those companies acquired in the Acquisition and companies related to the Exchangeable Unitholders, during the years ended December 31, 2024 and December 31, 2023. Related party transactions with those companies acquired in the Acquisition are included for periods prior to March 31, 2024 as these companies are consolidated in the financial statements after that date. These transactions have been recorded at the exchange amount as agreed between the parties.

	2024	2023
a) Revenues		
Fixed franchise fees	$ 742	$ 3,102
Variable franchise fees	$ 267	$ 902
Other revenue, net	$ 80	$ 151
b) Expenses		
Cost of other revenue	$ 61	$ 193
Management fees	$ 4,742	$ 19,159
Insurance premiums and other	$ 34	$ 33
Interest on contract transfer obligation	$ 24	$ 114
c) Interest		
Interest to Exchangeable Unitholders	$ 9,628	$ 5,806

The following amounts due to/from related parties are included in the account balance as described;

As at,	December 31, 2024	December 31, 2023
d) Interest payable to Exchangeable Unitholders	$ 909	$ 484

Prior to March 31, 2024, the Company had no employees. As such, there was no compensation expense recorded in the results of the Company for the period ended March 31, 2024. In the nine months ended December 31, 2024, the remuneration paid to key management personnel was composed of short-term compensation and benefits totaling $1,648.

Certain members of the Company's board of directors are compensated for their services. During the year ended December 31, 2024, the Company incurred $ $457 in directors' fees (2023 – $556). Directors' fees are included in general and administration expense.

18. FINANCIAL INSTRUMENTS

In the normal course of business, the Company is exposed to a number of financial and other risks that can affect its operating performance. These risks are outlined below:

A) Credit Risk

Credit risk arises from the possibility debtors may not pay amounts owing to the Company. The Company's credit risk is limited to the recorded amount of accounts receivable and notes receivable.

All real estate transactions at the Brokerage Operations require the purchaser to pay a deposit which reduces the likelihood that a buyer will not complete the transaction. Credit risk also arises from the possibility that sales representatives may not pay amounts owing to the Brokerage Operations. Credit risk is mitigated by the fact that the Brokerage Operations has the ability to deduct any amounts owing from sales agents from the commission income they earn on their transactions with customers.

The Company reviews the financial position of all franchisees during the application process and closely monitors outstanding accounts receivable on an ongoing basis to evaluate the risk of a default occurring over the expected life of the accounts receivable. This monitoring includes evaluating the franchisee's historical payment patterns, the current financial health of the franchisee and expected or possible changes in future events or market conditions to determine whether a provision should be recorded. The estimation and application of monitoring future events or market conditions requires significant judgment and is uncertain.

As at December 31, 2024, the Company has recorded an allowance for doubtful accounts related to accounts receivable and notes receivable of $407 (December 31, 2023 – $115).

B) Liquidity Risk

The Company is exposed to liquidity risk in its ability to finance its working capital requirements and meet its cash flow needs, including paying dividends to shareholders of restricted voting shares and interest to Exchangeable Unitholders. The Company manages liquidity risk by maintaining conservative debt levels compared with those required by the covenants associated with the debt facilities. The Company has a $30,000 Acquisition Facility, of which $12,000 has been drawn, and a $10,000 undrawn Operating Facility which mature on December 31, 2026.

Estimated contractual maturities of the Company's financial liabilities are as follows:

As at December 31,	2025	2026	2027	2028	2029	Beyond 2029	Total
Accounts payable and accrued liabilities	$ 16,837	$ –	$ –	$ –	$ –	$ –	$ 16,837
Customer deposits	35,467	–	–	–	–	–	$ 35,467
Leases	3,000	2,519	2,157	2,078	2,093	8,404	$ 20,251
Interest payable to Exchangeable Unitholders	909	–	–	–	–	–	$ 909
Dividends payable to shareholders	1,067	–	–	–	–	–	$ 1,067
Interest on long-term debt	3,960	3,960	–	–	–	–	$ 7,920
Exchangeable Units	93,916	–	–	–	–	–	$ 93,916
Debt facilities	–	67,000	–	–	–	–	$ 67,000
Total	$ 155,156	$ 73,479	$ 2,157	$ 2,078	$ 2,093	$ 8,404	$ 243,367

As at December 31, 2024	Level 1	Level 2	Level 3	Total
Financial liabilities (assets):				
Exchangeable Units	93,916	–	–	93,916
Total	$ 93,916	$ –	$ –	$ 93,916

As at December 31, 2023	Level 1	Level 2	Level 3	Total
Financial liabilities (assets):				
Exchangeable Units	43,825	–	–	43,825
Total	$ 43,825	$ –	$ –	$ 43,825

C) Interest Rate Risk

The Company is exposed to the risk of interest rate fluctuations on its debt facilities as the interest rates on these facilities are based on the Prime rate and Banker's Acceptance rates.

The Acquisition Facility bears interest at a variable rate of BAs + 2.00% or Prime + 0.8%. Management has elected to pay interest at variable interest rates on its outstanding debt facilities and monitors this position on an ongoing basis. An increase of 1% in the Company's effective interest rate on its variable rate debt would result in an increase in its annual interest expense on the debt facilities of approximately $670.

D) Market Risk

The Company operates real estate brokerage offices in a number of markets across the country. The Brokerages Operations generates its revenue from its offices in the greater Toronto area, the Greater Vancouver area and throughout the province of Quebec. Real estate markets are cyclical and unpredictable which may contribute to volatility in the Company's cash flows. This market volatility is someone mitigated by the lower volatility associated with franchise fee revenues earned by the Franchise Operations and the geographic diversification of the Brokerage Operations.

E) Fair Value

The fair value of certain of the Company's financial instruments, including cash, accounts receivable, notes receivable, accounts payable and accrued liabilities, interest payable to Exchangeable Unitholders and dividends payable to holders of restricted voting shares, are estimated by management to approximate their carrying values due to their short-term nature. The fair value of the Company's outstanding borrowings of $67,000 approximate their carrying value of $66,904 as a result of its floating rate terms.

F) Fair Value Hierarchy

The Exchangeable Units are valued using level 1 valuation techniques. See Note 14 for disclosures related to fair values. There were no transfers between fair value hierarchy levels during the year.

19. MANAGEMENT OF CAPITAL

The Company's capital is made up of its cash on hand, debt facilities, Exchangeable Units and shareholders' deficit.

The Company's objectives in managing its capital include; a) maintaining a capital structure that provides financing options to the Company while remaining compliant with the covenants associated with the debt facilities; b) maintaining financial flexibility to preserve its ability to meet financial obligations, including debt servicing and dividends to shareholders; and c) deploying capital to provide an appropriate investment return to its shareholders.

The Company's financial strategy is designed to maintain a flexible capital structure consistent with these objectives and to be in a position to respond to changes in economic conditions and investment opportunities as they arise.

The covenants of the debt facilities prescribe that the Company must maintain a ratio of Consolidated EBITDA to Senior Interest Expense on Senior Indebtedness at a minimum of 3.0 to 1 and a ratio of Senior Indebtedness to Consolidated EBITDA at a maximum of 4.0 to 1.

As at December 31, 2024 and December 31, 2023, the Company was compliant with all financial covenants. There were no changes in the Company's approach to capital management during the year.

20. SEGMENTED INFORMATION

As a result of the Acquisition, the Company reports its operations in two business segments. These segments are determined based on the nature of their operations, the products and services they provide and the nature of the customers they service.

Within the Brokerage Operations, there are a number of brokerage locations that operate in different geographical regions under different real estate brands. These brokerage locations have been grouped to form the Brokerage Operations due to the nature of their operations and the commonality in how they generate revenues. All of the brokerage locations in the Brokerage Operations operate in Canada.

The Franchise Operations provide information and services to REALTORS® and real estate brokerages in Canada through a portfolio of highly regarded real estate services brands. The economic characteristics are consistent across the Company's brands as they each provide services, similar in nature, in the Canadian residential real estate market.

The Company excludes certain corporate oversight expenses in the determination of each operating segment's performance. Unallocated costs include costs related to those activities and operations which are common to the other operating segments of the Company and include the elimination of transactions between the segments.

Management evaluates the operating results of each segment based upon revenue and EBITDA. EBITDA is defined as operating income before deducting interest on debt, interest on lease obligations, impairment and write-off of intangible assets, and depreciation and amortization. The Company's determination and presentation of EBITDA may not be comparable to similar measures used by other companies.

For the three-month period ended March 31, 2024, 100% of the operating results are attributable to the Franchise Operations. The operating results of the Brokerage Operations are included in the consolidated statement of net and comprehensive earnings (loss) from April 1, 2024.

For the year ended December 31, 2024, 89% of the operating results (based on EBITDA) are attributable to the Franchise Operations and 19% of the operating results are attributable to the Brokerage Operations. These are partly offset by unallocated costs representing 8% of consolidated EBITDA.

The Brokerage Operations earned no revenue in the year ended December 31, 2023. The franchise fees received from the Brokerage Operations were treated as third party revenue prior to April 1, 2024. Following the completion of the Acquisition, franchise fees and other revenues received from the Brokerage Operations are now eliminated in the consolidated accounts of the Company. Franchise fees and other revenues earned from these businesses, totaling $1,089, were recorded by the Company under what is now the Franchise Operations segment during the first quarter of 2024. In 2023, franchise fees and other revenues earned from these brokerages, amounting to $4,155, were recorded under what is now the Franchise Operations segment.

The table below reconciles operating income as presented in the statement of net and comprehensive earnings (loss) to EBITDA used by management to evaluate the business segments of the Company:

	2024	2023
Operating income	**$ 8,475**	$ 15,317
Add: Interest on debt	4,646	2,967
Interest on lease obligation	936	–
Impairment and write-off and of intangible assets	2,629	201
Depreciation and amortization	11,995	6,894
EBITDA	**$ 28,681**	$ 25,379

The tables below provide selected segment disclosure for certain financial statement balances.

	2024	2023
Segment EBITDA		
Brokerage Operations	$ 5,523	$ –
Franchise Operations	25,640	25,379
Unallocated EBITDA	(2,482)	–
Total EBITDA	**$ 28,681**	$ 25,379

	2024	2023
Segment Revenue		
Brokerage Operations	$ 300,012	$ –
Franchise Operations	53,745	48,454
Eliminations	(3,087)	–
Total Revenue	**$ 350,670**	$ 48,454

	2024	2023
Segment Depreciation and amortization		
Brokerage Operations	$ 5,566	$ –
Franchise Operations	6,429	6,894
Total depreciation and amortization	**$ 11,995**	$ 6,894

As at,	December 31, 2024	December 31, 2023
Segment Assets		
Brokerage Operations	$ 99,900	$ –
Franchise Operations	57,545	64,892
Total assets	**$ 157,445**	$ 64,892

As at,	December 31, 2024	December 31, 2023
Segment Liabilities		
Brokerage Operations	$ 67,524	$ –
Franchise Operations	170,166	122,012
Total Liabilities	**$ 237,690**	$ 122,012