

## **Frontenac Mortgage Investment Corporation Announces a Delay in Filing Quarterly Financial Statements and Provides an Update on the Mortgage Portfolio**

Ottawa, Ontario, May 25 2026

### **Delay in Filing of 2026 Interim Financial Statements**

The Company announces that it anticipates it will not file its interim financial statements for the quarter ended March 31, 2026, the related management's discussion and analysis ("MD&A") and the management certifications of interim filings before the June 1, 2026 deadline.

The Company continues to experience a delay in completing its audit of the Company's annual financial statements for the year ended December 31, 2024. The Company has been advised by its external auditor, MNP LLP, that additional time is required to complete the 2024 audit. The Company continues to work diligently with MNP LLP to complete the outstanding 2024 audit and complete the audit of the Company's annual financial statements for the year ended December 31, 2025, as soon as practicable.

The Company is currently subject to a failure-to-file cease trade order (the "FFCTO") issued under Multilateral Instrument 11-103 – *Failure-to-File Cease Trade Orders in Multiple Jurisdictions*, effective July 3, 2025, as a result of its failure to file its annual financial statements for the year ended December 31, 2024 and related continuous disclosure documents. The FFCTO prohibits all trading in the Company's securities for so long as it remains in effect. The FFCTO will remain in effect until such time as the Company files all outstanding annual and interim financial statements and related MD&A, together with the applicable CEO and CFO certifications, and the Ontario Securities Commission revokes the FFCTO.

### **Update on Mortgage Portfolio**

The financial information presented below is given as of April 30, 2026, and is management prepared and presented on an unaudited and unreviewed basis.

The portfolio consists of 38 remaining mortgage files totaling approximately \$62.4M of principal outstanding, excluding any internally recorded provisions for loss and additional fees and interest that may or may not be collectible.

#### **The 38 files are segmented as follows:**

- 6 Residential mortgages totaling approximately \$7.6M of outstanding principal;
- 23 Construction mortgages totaling approximately \$37M of outstanding principal;
- 5 Vacant Land mortgages totaling approximately \$1.8M of outstanding principal;
- 4 Residential Development mortgages totaling approximately \$15.8M of outstanding principal, which are all related to the legacy large development property and are all currently in a court-appointed receivership.

#### **File concentration is summarized as follows:**

- Top 10 files by outstanding principal represent roughly 56% of the portfolio balance;
- Top 20 files by outstanding principal represent roughly 85% of the portfolio balance;
- Top 30 files by outstanding principal represent roughly 97% of the portfolio balance; and
- Bottom 8 files by outstanding principal represent roughly 3% of the portfolio balance, and carry an average principal balance of \$208k.

#### **Current actions being taken on the remaining 38 files are broken down as follows:**

- 6 files (\$5.8M) are not currently in Power of Sale (POS) but are expected to escalate to entice borrowers to hasten exit attempts that would likely yield a higher probability of full payout;
- 28 files (\$40.8M) are in Power of Sale; however, we are awaiting possession of 14 currently, which may individually yield some full payouts, but are expected to incur losses overall; and
- 4 files (Residential Development loan - \$15.8M) are in Power of Sale but are in a court-appointed receivership process, and the secured properties are actively being marketed for sale, which are expected to

incur losses.

Readers are cautioned that the principal amount of a mortgage does not reflect its current fair value for accounting purposes, and may not be indicative of the value that may be realized on the mortgage by the Company. There can be no assurance that the Company will recover any amounts owing under any mortgage in its portfolio, or that any amounts actually recovered will be equal to its outstanding principal amount.

Given the current status of the majority of the Company's mortgage loans, recovery of amounts owing is expected to be derived primarily through enforcement proceedings and the sale of the underlying secured properties, including through Power of Sale and the currently active court-appointed receivership process. Accordingly, the collectability of these mortgage loans is largely dependent on the estimated realizable value of the underlying secured properties, the timing of possession and sale, and the costs associated with enforcement and disposition.

Realizable value of a property is influenced by a number of factors, including prevailing real estate market conditions, property-specific considerations (such as location, condition, completion status for construction projects, and marketability), and broader economic conditions. In addition, delays in obtaining possession, carrying costs (including property taxes, insurance, utilities, and maintenance), legal and receivership costs, and further market softening may negatively impact net recovery. Where the estimated net proceeds from sale are less than the outstanding principal, interest, and enforcement costs, losses may be realized. As a result, there is inherent uncertainty regarding the ultimate recovery on these loans, and actual losses may differ, potentially materially, from current estimates.

Management has identified certain mortgages as likely to result in credit losses. In accordance with prudent accounting practices, the Company has recorded provisions and set aside reserves in respect of such expected credit losses. Such reserves have been excluded from amounts determined to be available for distribution to shareholders pursuant to share redemptions and other returns of capital made pursuant to the Company's orderly wind-up plan. To the extent expected credit loss reserves exceed the actual losses incurred by the Company in connection with the liquidation of its mortgage portfolio, excess reserve amounts are expected to be available for distribution to shareholders, subject to applicable corporate laws. Readers are cautioned that actual losses incurred in connection with the liquidation of the Company's portfolio may be substantial, and could materially exceed the expected credit losses.

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### **Forward-Looking Statements**

This press release contains certain forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable Canadian securities laws, which may include, but are not limited to, information and statements in respect of the return of capital to shareholders of the Company; the filing of the Company's outstanding annual and interim financial statements and related MD&A, together with the applicable CEO and CFO; revocation of the FFCTO; the status and anticipated recovery of amounts owing under the Company's remaining mortgage files; actions the Company may take to realize on mortgages; the timing, process and expected outcomes of enforcement proceedings, including Power of Sale and receivership processes; the estimated realization of secured properties; the adequacy of provisions for expected credit losses; the availability of reserved amounts, net realized proceeds of mortgages, or other funds for distribution to shareholders; and the future business, operations, financial performance, prospects, and other plans, intentions, expectations, estimates, and beliefs of the Company. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "achieve", "could", "believe", "plan", "intend", "objective", "continuous", "ongoing", "estimate", "outlook", "expect", "may", "will", "project", "should" or

similar words, including negatives thereof, suggesting future outcomes.

Forward-looking statements involve and are subject to assumptions and known and unknown risks, uncertainties, and other factors beyond the Company's ability to predict or control, which may cause actual events, results, performance, or achievements of the Company to be materially different from future events, results, performance, and achievements expressed or implied by forward-looking statements herein. Forward-looking statements are not a guarantee of future performance. Such risks include, without limitation: the Company may not succeed in recovering amounts due under mortgages or otherwise executing on its wind-up and liquidation strategy; enforcement, disposition, and recovery costs may exceed the Company's expectations, and any amount ultimately received pursuant to the Company's realization efforts; the Company will incur operating costs regardless of whether its realization efforts are successful; the Company's expectations, assumptions and judgments may prove incorrect; distributions to shareholders may be limited by the prior claims of creditors to the Company; economic conditions; changes in law or regulation; the Company's auditors may be unable to finalize their audit of the Company's annual financial statements as anticipated; and other risk factors referred to by the Company in the documents it files from time to time on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Although the Company believes that any forward-looking statements herein are reasonable, in light of the use of assumptions and the significant risks and uncertainties inherent in such statements, there can be no assurance that any such forward-looking statements will prove to be accurate. Actual results may vary, and vary materially, from those expressed or implied by the forward-looking statements herein. Accordingly readers are advised to rely on their own evaluation of the risks and uncertainties inherent in forward-looking statements herein and should not place undue reliance upon such forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Any forward-looking statements herein are made only as of the date hereof, and except as required by applicable laws, the Company assumes no obligation and disclaims any intention to update or revise any forward-looking statements herein or to update the reasons that actual events or results could or do differ from those projected in any forward-looking statements herein, whether as a result of new information, future events or results, or otherwise.