



For Immediate Release

Toronto Stock Exchange: BPF.UN

BOSTON PIZZA ROYALTIES INCOME FUND ANNOUNCES 2021 FIRST QUARTER RESULTS

COVID-19's continued impact on Boston Pizza resulted in Same Restaurant Sales of negative 29.3% for the Period and negative 40.3% if compared to the first quarter of 2019.

HIGHLIGHTS

- Throughout the Period, approximately 375 Boston Pizza restaurants were providing take-out and delivery services, with a low of approximately 100 Boston Pizza restaurants, and a high of approximately 350 Boston Pizza restaurants, also having either their dining rooms and sports bars and/or patios open with reduced seating capacity.
- System-Wide Gross Sales¹ of \$156.7 million for the Period, representing a decrease of 30.3% versus the same period one year ago.
- Franchise Sales² from royalty pool restaurants of \$129.0 million for the Period, representing a decrease of 25.9% versus the same period one year ago.
- Same Restaurant Sales³ of negative 29.3% for the Period. As COVID-19 began to adversely affect sales in Boston Pizza restaurants in March of 2020, the Fund believes that it is also useful to calculate and report SRS comparing 2021 gross sales to 2019 gross sales. If SRS were calculated comparing gross sales in the Period to gross sales in the first quarter of 2019, SRS would be negative 40.3%.
- SRS on a Franchise Sales basis of negative 24.9% for the Period. If SRS were calculated comparing Franchise Sales in the Period to Franchise Sales in the first quarter of 2019, SRS would be negative 36.7%.
- Distributable Cash⁴ per Unit decreased 52.1% for the Period.
- Payout Ratio⁵ of 231.8% for the Period, and 103.5% on a trailing 12-month basis. Payout Ratio for the Period factors in the Special Distribution that was paid on January 29, 2021 even though the cash generated to fund the Special Distribution was generated during 2020. If the Special Distribution was excluded in the calculation of Payout Ratio for the Period, it would be 114.5%. Cash balance at the end of the Period was \$1.9 million.
- On May 11, 2021, the trustees of the Fund declared the April 2021 distribution to unitholders of \$0.065 per Unit.

VANCOUVER, BC, May 12, 2021 – Boston Pizza Royalties Income Fund (the “**Fund**”) and Boston Pizza International Inc. (“**BPI**”) reported financial results today for the first quarter period from January 1, 2021 to March 31, 2021 (the “**Period**”). A copy of this press release, the condensed consolidated interim financial statements and related management’s discussion and analysis (“**MD&A**”) of the Fund and BPI are available at www.sedar.com and www.bpincomefund.com. The Fund will host a conference call to discuss the results on May 12, 2021 at 8:30 am Pacific Time (11:30 am Eastern Time). The call can be accessed by dialling 1-800-319-4610 or 604-638-5340. A replay will be available until June 12, 2021 by dialling 1-800-319-6413 or 604-638-9010 and entering the access code: 6481 followed by the # sign. The replay will also be available at www.bpincomefund.com.

“The first quarter continued to present challenges brought on by COVID-19 adversely affecting the business of Boston Pizza restaurants across Canada,” said Jordan Holm, President of BPI. “Overall guest traffic remains weakened by various local regulations and changes in guest behaviour. With the rise in COVID-19 cases due mainly to COVID-19 variants, and the resulting increase in local government restrictions, we anticipate that the business of Boston Pizza restaurants will continue to be negatively impacted during the first half of 2021. Our focus continues to be the safety of our guests and staff in restaurants, serving our communities with take-out, delivery and on-premise dining where permitted, and helping our franchisees manage effectively during these challenging times.”

ONGOING EFFECTS OF COVID-19

COVID-19 had significant adverse effects on the business of the Fund, BPI and Boston Pizza Canada Limited Partnership (“**BP Canada LP**”) during the Period. Various governmental authorities across Canada imposed

assorted restrictions on the operations of restaurants in an attempt to control the spread of COVID-19. The restrictions ranged from reductions in operating hours, reductions in permitted hours to serve alcohol, closures of indoor dining rooms and closures of patio dining depending upon the particular regions and times within the Period. Throughout the Period, approximately 375 Boston Pizza restaurants were providing take-out and delivery services, with a low of approximately 100 Boston Pizza restaurants, and a high of approximately 350 Boston Pizza restaurants, also having either their dining rooms and sports bars and/or patios open with reduced seating capacity. Such restrictions adversely affected SRS and Franchise Sales at Boston Pizza restaurants, and the resulting Royalty, Distribution Income and Distributable Cash available for distribution to unitholders. For a detailed discussion on the Fund's SRS, Franchise Sales, Royalty, Distribution Income and Distributable Cash, please see the "Operating Results" section in the Fund's MD&A for the Period.

Since the end of the Period, COVID-19 continued to have adverse effects on the business of the Fund, BPI and BP Canada LP, and on the operation of Boston Pizza restaurants. Franchise Sales, and the resulting Royalty and Distribution Income, for April 2021 were approximately 164% of the level they were in April 2020 and approximately 56% of the level they were in April 2019. SRS for April 2021 was approximately positive 74% when compared to the same period in 2020 and approximately negative 47% when compared to the same period in 2019.

PERIOD RESULTS

SRS, a key driver of distribution growth for unitholders of the Fund, was negative 29.3% for the Period compared to negative 15.8% for the same period one year ago. As COVID-19 began to adversely affect sales in Boston Pizza Restaurants in March of 2020, the Fund believes that it is also useful to calculate and report SRS comparing 2021 gross sales to 2019 gross sales. If SRS were calculated comparing gross sales in the Period to gross sales in the first quarter of 2019, SRS would be negative 40.3%. Franchise Sales, the basis upon which Royalty and Distribution Income are paid by BPI and BP Canada LP, respectively, indirectly to the Fund, excludes revenue from sales of liquor, beer, wine and approved national promotions and discounts. On a Franchise Sales basis, SRS was negative 24.9% for the Period compared to negative 15.9% for the same period one year ago. If SRS on a Franchise Sales basis were calculated comparing Franchise Sales in the Period to Franchise Sales in the first quarter of 2019, SRS would be negative 36.7%. The decline in SRS for the Period was principally due to declines in restaurant guest traffic and the temporary closure of dining rooms, sports bars and patios, partially offset by increased take-out and delivery sales as a result of COVID-19.

Franchise Sales of Boston Pizza restaurants in the royalty pool were \$129.0 million for the Period compared to \$174.1 million for the same period one year ago. The decrease in Franchise Sales for the Period was primarily due to negative SRS on a Franchise Sales basis.

The Fund's net and comprehensive income was \$11.6 million for the Period compared to net and comprehensive loss of \$16.9 million for the same period one year ago. The \$28.5 million increase in the Fund's net and comprehensive income for the Period compared to the first quarter of 2020 was primarily due to a \$30.2 million increase in fair value gain, lower income tax expense of \$0.5 million, lower interest expense on Class B Units of \$0.2 million and lower administrative expense of \$0.1 million, partially offset by lower Royalty and Distribution Income of \$2.4 million and higher interest expense on long-term debt of \$0.2 million. For a detailed discussion on the Fund's net and comprehensive income, please see the "Operating Results – Net and Comprehensive Income (Loss) / Basic and Diluted Earnings (Loss)" section in the Fund's MD&A for the Period. The Fund's net income or loss under International Financial Reporting Standards ("IFRS") contains non-cash items, such as the fair value adjustments on financial instruments and deferred income taxes, that do not affect the Fund's business operations or its ability to pay distributions to unitholders. In the Fund's view, net income or loss is not the only or most meaningful measurement of the Fund's ability to pay distributions. Consequently, the Fund reports the non-IFRS metrics of Distributable Cash and Payout Ratio to provide investors with more meaningful information regarding the amount of cash that the Fund has generated to pay distributions and the extent to which the Fund has distributed that cash. The Fund also reports the non-IFRS metric of SRS to provide investors useful information regarding the change in gross sales of Boston Pizza restaurants. Readers are cautioned that Distributable Cash, Payout Ratio and SRS are non-IFRS financial measures that do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. For a reconciliation between cash flow from operating activities (the most directly comparable IFRS measure) and Distributable Cash see the "Financial Summary" section of this press release. For a detailed discussion on the Fund's Distributable Cash and

Payout Ratio, please see the “Operating Results – Distributable Cash / Payout Ratio” section in the Fund’s MD&A for the Period. A reconciliation of SRS and Payout Ratio to an IFRS measure is not possible.

The Fund generated Distributable Cash of \$3.7 million for the Period, compared to \$7.7 million for the first quarter of 2020. The decrease in Distributable Cash of \$4.0 million or 52.3% was primarily due to a decrease in cash flow generated from operating activities of \$3.6 million, a contractually required debt repayment of \$1.0 million for which there is no comparable repayment in the first quarter of 2020 and an increase of interest paid on long-term debt of \$0.2 million, partially offset by lower SIFT Tax on units of the Fund (“**Unit**”) of \$0.6 million and decreased entitlement for BPI’s Class B general partner units (“**Class B Units**”) of Boston Pizza Royalties Limited Partnership (“**Royalties LP**”) of \$0.2 million.

The Fund generated Distributable Cash per Unit of \$0.170 for the Period compared to \$0.355 per Unit for the first quarter of 2020. The decrease in Distributable Cash per Unit of \$0.185 or 52.1% was primarily attributable to the decrease in Distributable Cash outlined above, partially offset by fewer Units outstanding compared to the same period in 2020 due to the Fund’s normal course issuer bid that was in place from February 19, 2020 to February 18, 2021.

The Fund’s Payout Ratio for the Period was 231.8% compared to 90.0% in the first quarter of 2020. The increase in the Fund’s Payout Ratio for the Period was due to the combined effects of Distributable Cash decreasing by \$4.0 million or 52.3% and distributions paid increasing by \$1.6 million or 22.8%. Payout Ratio is calculated by dividing the amount of distributions paid during the applicable period by the Distributable Cash for that period. Accordingly, the Payout Ratio for the Period factors in the special distribution of \$0.20 per Unit that was paid on January 29, 2021 (the “**Special Distribution**”) even though the cash generated to fund the Special Distribution was generated during 2020. If the Special Distribution was excluded in the calculation of Payout Ratio for the Period, it would be 114.5%. The Fund’s Payout Ratio is typically higher in the first and fourth quarters compared to the second and third quarters since Boston Pizza restaurants generally experience higher Franchise Sales levels during the summer months when restaurants open their patios and benefit from increased tourist traffic. On a trailing 12-month basis, the Fund’s Payout Ratio was 103.5% as at March 31, 2021. The effects of COVID-19 may materially affect the Fund’s Payout Ratio in the future.

COVID-19 has resulted in material declines to Franchise Sales and SRS when compared to periods prior to COVID-19. The declines in Franchise Sales and SRS will result in significant declines to Royalty and Distribution Income payable by BPI and BP Canada LP to the Fund when compared to periods prior to COVID-19, and significant declines in the amount of Distributable Cash available for distribution to Unitholders when compared to periods prior to COVID-19.

DISTRIBUTIONS

During the Period, the Fund declared distributions on the Units in the aggregate amount of \$2.8 million or \$0.130 per Unit compared to \$4.4 million or \$0.204 per Unit in the first quarter of 2020. During the Period, the Fund paid distributions on the Units in the aggregate amount of \$8.5 million or \$0.395 per Unit, compared to \$6.9 million or \$0.319 per Unit in the same period in 2020. The amount of distributions declared during the Period decreased by \$0.074 per Unit due to a decrease in the monthly distribution rate from \$0.102 per Unit that was in effect for distributions declared in the first quarter of 2020 to \$0.065 per Unit for the Period. The amount of distributions paid during the Period increased by \$0.076 per Unit due to the Special Distribution, partially offset by decreases in the monthly distribution rates: (a) from \$0.115 per Unit that was in effect for the December 2019 distribution that was paid on January 31, 2020 to \$0.065 per Unit for the December 2020 distribution that was paid on January 29, 2021; and (b) from \$0.102 per Unit that was in effect for the January and February 2020 distributions that were paid on February 28 and March 31, 2020, respectively, to \$0.065 per Unit for the January and February 2021 distributions that were paid on February 26 and March 31, 2021, respectively.

On May 11, 2021, the trustees of the Fund declared a distribution for the period of April 1, 2021 to April 30, 2021 of \$0.065 per Unit, which will be payable on May 31, 2021 to unitholders of record on May 21, 2021. Including the April 2021 distribution, which will be paid on May 31, 2021, the Fund will have paid out total distributions of \$356.8 million or \$22.95 per Unit which includes 220 monthly distributions and the Special Distribution.

FINANCIAL SUMMARY

The tables below set out selected information from the Fund's condensed consolidated interim financial statements together with other data and should be read in conjunction with the condensed consolidated interim financial statements and MD&A of the Fund for the three-month periods ended March 31, 2021 and March 31, 2020.

<i>For the periods ended March 31</i>	Q1 2021	Q1 2020
(in thousands of dollars – except restaurants, SRS, Payout Ratio and per Unit items)		
System-Wide Gross Sales	156,741	224,757
Number of restaurants in Royalty Pool	387	395
Franchise Sales reported by restaurants in the Royalty Pool	128,997	174,069
Royalty income	5,160	6,963
Distribution Income	1,717	2,293
Interest income	40	5
Total revenue	6,917	9,261
Administrative expenses	(346)	(394)
Interest expense on debt and financing fees	(941)	(703)
Interest expense on Class B Unit liability	(414)	(648)
Profit before fair value gain (loss) and income taxes	5,216	7,516
Fair value gain (loss) on investment in BP Canada LP	11,566	(37,591)
Fair value (loss) gain on Class B Unit liability	(5,152)	16,735
Fair value gain (loss) on Swaps	1,118	(1,840)
Current and deferred income tax expense	(1,168)	(1,738)
Net and comprehensive income (loss)	11,580	(16,918)
Basic earnings (loss) per Unit	0.54	(0.78)
Diluted earnings (loss) per Unit	0.54	(1.36)
<u>Distributable Cash / Distributions / Payout Ratio</u>		
Cash flows generated from operating activities	5,917	9,501
BPI Class B Unit entitlement	(466)	(648)
Interest paid on long-term debt	(880)	(701)
Principal repayments on long-term debt	(1,036)	-
SIFT Tax on Units	132	(458)
Distributable Cash	3,667	7,694
Distributions paid	8,501	6,923
Payout Ratio	231.8%	90.0%
Distributable Cash per Unit	0.170	0.355
Distributions paid per Unit	0.395	0.319
<u>Other</u>		
Same Restaurant Sales	(29.3%)	(15.8%)
Number of restaurants opened	0	1
Number of restaurants closed	1	2
	Mar 31, 2021	Dec 31, 2020
Total assets	395,940	390,804
Total liabilities	130,258	133,904

Notes:

- 1) **“System-Wide Gross Sales”** means the gross revenue: (i) of the corporate Boston Pizza restaurants in Canada owned by BPI; and (ii) reported to BP Canada LP by franchised Boston Pizza restaurants in Canada, without audit or other form of independent assurance, and in the case of both (i) and (ii), including revenue from the sale of liquor, beer, wine and revenue from BP Canada LP approved national promotions and discounts and excluding applicable sales and similar taxes.
- 2) **“Franchise Sales”** is the basis upon which Royalty and Distribution Income are payable, and means the gross revenue: (i) of the corporate Boston Pizza restaurants in Canada owned by BPI that are in the Fund's royalty pool; and (ii) reported to BP Canada LP by franchised Boston Pizza restaurants in Canada that are in the Fund's royalty pool, without audit or other form of independent assurance, and in the case of both (i) and (ii), after deducting revenue from the sale of liquor, beer, wine and revenue from BP Canada LP approved national promotions and discounts and excluding applicable sales and similar taxes. Nevertheless, BP Canada LP periodically conducts audits of the Franchise Sales reported to it by its franchisees, and the Franchise Sales reported herein include results from sales audits of earlier periods.
- 3) **“Same Restaurant Sales”** or **“SRS”** is the change in gross revenue of Boston Pizza restaurants as compared to the gross revenue for the same period in the previous year for Boston Pizza restaurants that have been open for a minimum 24 months. SRS is a non-IFRS financial measure that does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures

presented by other issuers. Management believes SRS provides investors useful information regarding the change in gross sales of Boston Pizza restaurants.

- 4) **"Distributable Cash"** is a non-IFRS financial measure that does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Management believes that this non-IFRS financial measure provides useful information to investors regarding the amount of cash the Fund has generated for distribution on the Units. The preceding table provides a reconciliation from this non-IFRS financial measure to cash flows from operating activities, which is the most directly comparable IFRS measure. Investors are cautioned that this should not be construed as an alternative to cash flows from operating activities.
- 5) **"Payout Ratio"** is calculated by dividing the aggregate distributions paid by the Fund during a period by the Distributable Cash generated in that period. Payout Ratio is a non-IFRS financial measure that does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Management believes that this non-IFRS financial measure provides investors with useful information regarding the extent to which the Fund distributes cash on the Units. As the Payout Ratio is calculated from a formula which includes Distributable Cash, which is a non-IFRS measure, a reconciliation of Payout Ratio to an IFRS measure is not possible. For additional information regarding this financial metric, see the heading "Description of Non-IFRS and Additional IFRS Measures" in the Fund's MD&A for the Period.
- 6) Royalties LP licenses BPI the right to use various Boston Pizza trademarks in return for BPI paying Royalties LP a royalty equal to 4% of Franchise Sales of Boston Pizza restaurants (the **"Royalty"**) in the Fund's royalty pool (the **"royalty pool"**). **"Distribution Income"** is income received indirectly by the Fund on Class 1 LP Units and Class 2 LP Units of BP Canada LP. See the "Overview – Purpose of the Fund / Sources of Revenue" section of the Fund's MD&A for the Period for more details.
- 7) Profit before fair value adjustments and income taxes is an additional IFRS measure. For additional information regarding these financial metrics, see the heading "Description of Non-IFRS and Additional IFRS Measures" in the Fund's MD&A for the Period.
- 8) Capitalized terms used in this press release that are undefined have the meanings ascribed to them in the Fund's MD&A for the Period.

SHORT-TERM OUTLOOK

COVID-19 had sudden, unexpected and unprecedented impacts on the general economy, the restaurant industry and has specifically caused significant disruption to the business of the Fund and BPI. The focus of BPI's management is to continue to: (i) monitor carefully the continuously evolving COVID-19 situation; (ii) modify the operating procedures of Boston Pizza restaurants to ensure the safety of guests and staff of BP Canada LP's franchisees; (iii) responsibly and safely operate the dining rooms, sports bars and patios of Boston Pizza restaurants across Canada when permitted by applicable provincial health authorities; (iv) maximize the opportunity to grow its take-out and delivery business; and (v) review and adapt current and future plans to responsibly address the challenges and opportunities presented by COVID-19. Management of BPI anticipates that sales levels for the first half of 2021 will continue to be challenged as a result of COVID-19.

The trustees of the Fund will continue to closely monitor BPI's and BP Canada LP's business as the COVID-19 situation continues to develop and consider the best interests of the Fund and its stakeholders. While COVID-19 persists, the trustees of the Fund expect that Franchise Sales and SRS at Boston Pizza restaurants, and resulting Royalty, Distribution Income and Distributable Cash available for distribution to unitholders will continue to be adversely affected.

Forward Looking Information

Certain information in this press release constitutes "forward-looking information" that involves known and unknown risks, uncertainties, future expectations and other factors which may cause the actual results, performance or achievements of the Fund, Boston Pizza Holdings Trust, Royalties LP, Boston Pizza Holdings Limited Partnership, Boston Pizza Holdings GP Inc., Boston Pizza GP Inc., BPI, BP Canada LP, Boston Pizza Canada Holdings Inc., Boston Pizza Canada Holdings Partnership, Boston Pizza restaurants, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that the Fund or its trustees expect or anticipate will or may occur in the future, including such things as, the potential for COVID-19 to continue to materially affect the Fund's Payout Ratio in the future, the COVID-19 pandemic continuing to result in material declines to Franchise Sales and SRS, declines in Franchise Sales and SRS resulting in significant declines to Royalty and Distribution Income payable to the Fund and significant declines in the amount of Distributable Cash available for distribution to unitholders, future distributions and dates distributions are to be paid or payable, the significant uncertainties related to the COVID-19 pandemic and the impact on BPI and the Fund, the focus of BPI's management on guest and staff safety, maximizing the take-out and delivery business and helping franchisees succeed during these challenging times, the trustees of the Fund continuing to closely monitor BPI's and BP Canada LP's business as the COVID-19 situation continues to develop and consider the best interests of the Fund and its stakeholders, management's anticipation that sales levels for the first half of 2021 will continue to be challenged as a result of COVID-19, and other such matters are forward-looking information. When used in this press release, forward-looking information may include words such as "anticipate", "estimate", "may", "will", "expect", "believe", "plan", "should", "continue" and other similar terminology. The material factors and assumptions used to develop the forward-looking information contained in this press release include the following: the COVID-19 pandemic will continue to negatively impact the restaurant industry, Franchise Sales, SRS and Distributable Cash. Risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievement expressed or implied by the forward-looking information contained herein, relate to (among others) competition, demographic trends, consumer preferences and discretionary spending patterns, business and economic conditions, legislation and regulation, reliance on operating revenues, accounting policies and practices, the results of operations and financial condition of BPI, BP Canada LP and the Fund, as well as those factors discussed under the heading "Risks and Uncertainties" in the most recent Annual Information Form of the Fund. This information reflects current expectations regarding future events and operating performance and speaks only as of the date of this press release.

Except as required by law, neither the Fund nor BPI assumes any obligation to update previously disclosed forward-looking information. For a complete list of the risks associated with forward-looking information and the Fund's business, please refer to the "Risks and Uncertainties" and "Note Regarding Forward-Looking Information" sections included in the most recent Annual Information Form of the Fund available at www.sedar.com and www.bpincomefund.com.

ABOUT US

The Fund is a limited purpose open ended trust with an excellent track record for investors since its IPO in 2002. Including the April 2021 distribution which is payable on May 31, 2021, the Fund will have paid out 220 monthly distributions and one special distribution totaling \$356.8 million or \$22.95 per Unit. The Fund earns revenue based on the franchise system sales of the 387 Boston Pizza restaurants in the Fund's royalty pool.

BPI is Canada's number one casual dining brand. The Boston Pizza brand has served communities from coast-to-coast for over 56 years since opening its first restaurant in Edmonton, Alberta in 1964. Today Boston Pizza proudly remains a Canadian company with its hundreds of local franchise owners operating more dining rooms, sports bars and patios than any other single brand in the country, along with take-out and delivery. BPI has been recognized as a Platinum Member of Canada's 50 Best Managed Companies and has been a Franchisees' Choice Designation winner for eight consecutive years.

The trustees of the Fund have approved the contents of this news release.

FOR FURTHER INFORMATION PLEASE CONTACT:

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