



For Immediate Release

Toronto Stock Exchange: BPF.UN

**BOSTON PIZZA ROYALTIES INCOME FUND ANNOUNCES 2022 FIRST QUARTER RESULTS AND
APRIL 2022 CASH DISTRIBUTION OF \$0.085 PER UNIT**

HIGHLIGHTS

- Franchise Sales¹ of \$178.6 million for the Period, representing an increase of 38.5% versus the same period one year ago.
- Same Restaurant Sales² of positive 39.1% 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 2022 Franchise Sales to 2019 Franchise Sales. If SRS were calculated comparing Franchise Sales in the Period to Franchise Sales in the first quarter of 2019, SRS would be negative 10.5%.
- Cash flows generated from operating activities of \$6.7 million for the Period, representing an increase of 12.4% versus the same period one year ago.
- Distributable Cash³ increased 28.1% for the Period, and Distributable Cash per Unit⁴ increased 28.2% for the Period.
- Payout Ratio⁵ of 116.8% for the Period. Cash balance at the end of the Period was \$4.1 million.
- On May 10, 2022, the trustees of the Fund declared the April 2022 distribution to unitholders of the Fund (“Unitholders”) of \$0.085 per unit of the Fund (“Unit”).

VANCOUVER, BC, May 11, 2022 – 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, 2022 to March 31, 2022 (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 11, 2022 at 6:30 am Pacific Time (9:30 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 11, 2022 by dialling 1-800-319-6413 or 604-638-9010 and entering the access code: 8765 followed by the # sign. The replay will also be available at www.bpincomefund.com. Capitalized terms used in this press release that are not otherwise defined have the meanings ascribed to them in the Fund’s MD&A for the Period.

“We are pleased to see our sales performance improve compared to the same period one year ago. Midway through the first quarter in many regions, we saw an easing of dining restrictions and an increase in guest traffic to our restaurants,” said Jordan Holm, President of BPI. “We are excited to welcome our guests and open our patios in the coming months, while ensuring we continue to safely operate the dining rooms, sports bars and patios of Boston Pizza restaurants across Canada.”

ONGOING EFFECTS OF COVID-19

At the end of 2021 and the beginning of 2022, all regions in Canada were significantly impacted by the omicron variant of COVID-19 and the resulting fifth wave of the pandemic. The significant increase in COVID-19 cases resulted in capacity restrictions and closures of dining rooms. By the end of the first quarter of 2022, COVID-19 case counts improved and government restrictions were relaxed.

COVID-19 continues to impact the business of the Fund, BPI and Boston Pizza Canada Limited Partnership (“BP Canada LP”), and the operation of Boston Pizza restaurants. Despite the impact of COVID-19, Franchise Sales of Boston Pizza restaurants in the Royalty Pool, and the resulting Royalty and Distribution Income, for April 2022 increased by approximately 82% compared to April 2021 and approximately 3% compared to April 2019. SRS for April 2022 was approximately 84% when compared to the same period in 2021 and approximately 7% when compared to the same period in 2019.

PERIOD RESULTS

SRS, a key driver of distribution growth for Unitholders, was positive 39.1% for the Period compared to negative 24.9% for the same period one year ago. If SRS were calculated comparing Franchise Sales in the Period to

Franchise Sales for the same period in 2019, SRS would be negative 10.5%. The increase in SRS for the Period was principally due to increases in restaurant guest traffic mainly due to the easing of dining restrictions during the Period.

Franchise Sales of Boston Pizza restaurants in the Royalty Pool were \$178.6 million for the Period compared to \$129.0 million for the first quarter of 2021. The \$49.6 million increase in Franchise Sales for the Period was primarily due to positive SRS.

The Fund's net and comprehensive income was \$12.9 million for the Period compared to \$11.6 million for the first quarter of 2021. The \$1.3 million increase in the Fund's net and comprehensive income for the Period compared to the first quarter of 2021 was primarily due to an increase in Royalty and Distribution Income of \$2.6 million and an increase in fair value gain of \$0.8 million, partially offset by an increase in income tax expense of \$1.9 million and an increase in interest expense on Class B Units of \$0.2 million.

The Fund's cash flows generated from operating activities was \$6.7 million for the Period compared to \$5.9 million for the first quarter of 2021. The increase of \$0.7 million was due to an increase of Royalty and Distribution Income of \$2.6 million, partially offset by a decrease in changes in working capital of \$1.3 million and an increase in income taxes paid of \$0.6 million.

The Fund generated Distributable Cash of \$4.7 million for the Period compared to \$3.7 million for the first quarter of 2021. The increase in Distributable Cash of \$1.0 million or 28.1% was primarily due to an increase in cash flow generated from operating activities of \$0.7 million and a decrease in repayments of long-term debt of \$0.5 million, partially offset by increased BPI Class B Unit entitlement of \$0.2 million.

The Fund generated Distributable Cash per Unit of \$0.218 for the Period compared to \$0.170 per Unit for the first quarter of 2021. The increase in Distributable Cash per Unit of \$0.048 or 28.2% was primarily attributable to the increase in Distributable Cash outlined above.

The Fund's Payout Ratio for the Period was 116.8% compared to 231.8% in the first quarter of 2021. The decrease in the Fund's Payout Ratio for the Period was due to distributions paid decreasing by \$3.0 million or 35.4% and Distributable Cash increasing by \$1.0 million or 28.1%. 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 first quarter of 2021 factors in the Special Distribution (as defined below) 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 first quarter of 2021, the Payout Ratio 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 90.2% as at March 31, 2022.

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. The effects of COVID-19 may materially affect the Fund's Payout Ratio in the future.

DISTRIBUTIONS

During the Period, the Fund declared distributions on the Units in the aggregate amount of \$3.7 million or \$0.170 per Unit. During the first quarter of 2021, the Fund declared distributions on the Units in the aggregate amount of \$2.8 million or \$0.130 per Unit. During the Period, the Fund paid distributions on the Units in the aggregate amount of \$5.5 million or \$0.255 per Unit. During the first quarter of 2021, the Fund paid distributions on the Units in the aggregate amount of \$8.5 million or \$0.395 per Unit. The amount of distributions declared during the Period increased by \$0.040 per Unit due to the monthly distribution rate increasing from \$0.065 per Unit to \$0.085 per Unit commencing with the September 2021 distribution. The amount of distributions paid during the Period decreased by \$0.140 due to a combination of the special distribution of \$0.20 per Unit, that was declared on December 16, 2020 and paid on January 29, 2021 to Unitholders of record at the close of business on December 31, 2020 (the "**Special Distribution**") without any special distribution being paid during the Period, partially offset by the monthly

distribution rate increasing from \$0.065 per Unit to \$0.085 per Unit commencing with the September 2021 distribution.

On May 10, 2022, the trustees of the Fund declared a distribution for the period of April 1, 2022 to April 30, 2022 of \$0.085 per Unit, which will be payable on May 31, 2022 to Unitholders of record on May 21, 2022. Including the April 2022 distribution, which will be paid on May 31, 2022, the Fund will have paid out total distributions of \$377.0 million or \$23.89 per Unit which includes 232 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, 2022 and 2021.

<i>For the periods ended March 31</i>	Q1 2022	Q1 2021
<i>(in thousands of dollars – except restaurants, SRS, Payout Ratio and per Unit items)</i>		
Number of restaurants in Royalty Pool	383	387
Franchise Sales reported by restaurants in the Royalty Pool	178,602	128,997
Royalty ⁶ income	7,144	5,160
Distribution Income ⁷	2,363	1,717
Total revenue	9,507	6,877
Administrative expenses	(338)	(346)
Interest expense on debt and financing fees	(939)	(941)
Interest expense on Class B Unit liability	(565)	(414)
Interest income	5	40
Profit before fair value gain (loss) and income taxes	7,670	5,216
Fair value gain on investment in BP Canada LP	11,566	11,566
Fair value loss on Class B Unit liability	(5,154)	(5,152)
Fair value gain on Swaps	1,876	1,118
Current and deferred income tax expense	(3,059)	(1,168)
Net and comprehensive income	12,899	11,580
Basic earnings per Unit	0.60	0.54
Diluted earnings per Unit	0.60	0.54
<u>Distributable Cash / Distributions / Payout Ratio</u>		
Cash flows generated from operating activities	6,651	5,917
BPI Class B Unit entitlement ⁸	(664)	(466)
Interest paid on long-term debt	(884)	(880)
Principal repayments on long-term debt	(500)	(1,036)
Current income tax expense	(1,769)	(1,118)
Current income tax paid	1,864	1,250
Distributable Cash	4,698	3,667
Distributions paid	5,488	8,501
Payout Ratio	116.8%	231.8%
Distributable Cash per Unit	0.218	0.170
Distributions paid per Unit	0.255	0.395
<u>Other</u>		
Same Restaurant Sales	39.1%	(24.9%)
Number of restaurants opened	0	0
Number of restaurants closed	2	1
	Mar 31, 2022	Dec 31, 2021
Total assets	423,988	411,313
Total liabilities	138,949	135,514

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, BPI and BP Canada LP. 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 as 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.

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, Boston Pizza Royalties Limited Partnership, 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, Boston Pizza continuing to safely operate the dining rooms, sports bars and patios of Boston Pizza Restaurants across Canada, COVID-19 could continue to have a negative impact on the business of Boston Pizza restaurants during 2022, 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, the potential for COVID-19 to continue to materially affect the Fund's Payout Ratio in the future, that COVID-19 continues to impact the business of the Fund, BPI and Boston Pizza Canada LP, that Boston Pizza restaurants generally experience higher Franchise Sales levels during the summer months when restaurants open their patios and benefit from increased tourist traffic, the focus of BPI's management 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 as 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, 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, the expectation 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 while COVID-19 persists, 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 Fund maintaining the same distribution policy, expectations related to future general economic conditions, expectations that the Fund's Payout Ratio is typically higher in the first and fourth quarter, Boston Pizza restaurants maintaining operational excellence, the COVID-19 pandemic continuing to negatively impact the restaurant industry, Franchise Sales, SRS and Distributable Cash, and that COVID-19 and its negative impacts will eventually dissipate. 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, pandemics and national health crises, in particular COVID-19, 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.

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

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Notes – Non-GAAP, Specified Financial Measures and Other Information

- 1 “**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 Royalty Pool; and (ii) reported to BP Canada LP by franchised Boston Pizza restaurants in Canada that are in the 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. Franchise Sales is reported on a quarterly basis in the Fund’s financial statements, however, the financial statements do not report it on a monthly basis. Therefore, when disclosed on a monthly basis herein, this is a supplementary financial measure under National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure* (“**NI 52-112**”). The Fund believes that Franchise Sales for this month provides useful information to investors regarding recent performance of Boston Pizza.
- 2 “**Same Restaurant Sales**” or “**SRS**” is a supplementary financial measure under NI 52-112 and therefore may not be comparable to similar measures presented by other issuers. Prior to the fourth quarter of 2021, the Fund defined SRS as the change in gross revenues of Boston Pizza restaurants in the Royalty Pool as compared to the gross revenues for the same period in the previous year (where restaurants were open for a minimum of 24 months). Commencing with the fourth quarter of 2021, the Fund defines SRS as the change in Franchise Sales of Boston Pizza restaurants in the Royalty Pool as compared to the Franchise Sales for the same period in the previous year (where restaurants were open for a minimum of 24 months). The Fund believes that the current method of calculating SRS provides unitholders more meaningful information regarding the performance of Boston Pizza restaurants since Royalty and Distribution Income are payable to the Fund by BPI and BP Canada LP on Franchise Sales and not gross revenues of Boston Pizza restaurants. All historical SRS figures contained in this press release have been restated to conform to the current method of calculating SRS.
- 3 “**Distributable Cash**” is a non-GAAP financial measure under NI 52-112. Distributable Cash is not a standardized financial measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. The Fund defines Distributable Cash to be, in respect of any particular period, the Fund’s cash flows generated from operating activities for that period (being the most comparable financial measure in the Fund’s primary financial statements) minus (a) BPI’s entitlement in respect of its Class B Units in respect of the period (see note 8 below), minus (b) interest paid on long-term debt during the period, minus (c) principal repayments on long-term debt that are contractually required to be made during the period, minus (d) the current income tax expense in respect of the period, plus (e) current income tax paid during the period (the sum of (d) and (e) being “**SIFT Tax on Units**”). Management believes that Distributable Cash provides investors with useful information about the amount of cash the Fund has generated and has available for distribution on the Units in respect of any period. The tables in the “Financial Highlights” section of this press release provide a reconciliation from this non-GAAP financial measure to cash flows generated from operating activities, which is the most directly comparable IFRS measure. Current income tax expense in respect of any period is prepared using reasonable and supportable assumptions (including that the base rate of SIFT Tax will not increase throughout the calendar year and that certain expenses of the Fund will continue to be deductible for income tax purposes), all of which reflect the Fund’s planned courses of action given management’s judgment about the most probable set of economic conditions. There is a risk that the federal government of Canada could increase the base rate of SIFT Tax or that applicable taxation authorities could assess the Fund on the basis that certain expenses of the Fund are not deductible. Investors are cautioned that if either of these possibilities occurs, then the actual results for this component of Distributable Cash may vary, perhaps materially, from the amounts used in the reconciliation.
- 4 “**Distributable Cash per Unit**” is a non-GAAP ratio under NI 52-112. Distributable Cash per Unit is not a standardized financial measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. The Fund defines Distributable Cash per Unit for any period as the Distributable Cash generated in that period divided by the weighted average number of Units outstanding during that period. Management believes that Distributable Cash per Unit provides investors with useful information

regarding the amount of cash per Unit that the Fund has generated and has available for distribution in respect of any period.

- 5 **“Payout Ratio”** is a non-GAAP ratio under NI 52-112. Payout Ratio is not a standardized financial measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. The Fund defines Payout Ratio for any period as the aggregate distributions paid by the Fund during that period divided by the Distributable Cash generated in that period. Management believes that Payout Ratio provides investors with useful information regarding the extent to which the Fund distributes cash generated on Units.
- 6 Boston Pizza Royalties Limited Partnership (**“Royalties LP”**) licenses BPI the right to use various Boston Pizza trademarks in return for BPI paying Boston Pizza Royalties Limited Partnership a royalty equal to 4% of Franchise Sales of Boston Pizza restaurants (the **“Royalty”**) in the Fund’s royalty pool (the **“Royalty Pool”**).
- 7 **“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.
- 8 **“BPI Class B Unit entitlement”** is a supplementary financial measure under NI 52-112 and therefore may not be comparable to similar measures presented by other issuers. The BPI Class B Unit entitlement is the interest expense on Class B Units in respect of a period plus management’s estimate of how much cash BPI would be entitled to receive pursuant to the limited partnership agreement governing Royalties LP (a copy of which is available on www.sedar.com) on its Class B Units if Royalties LP fully distributed any residual cash generated in respect of that period after the Fund pays interest on long-term debt, principal repayments on long-term debt and SIFT Tax on Units in respect of that period. Management believes that the BPI Class B Unit entitlement is an important component in calculating Distributable Cash since it represents the amount of residual cash generated that BPI would be entitled to receive and therefore would not be available for distribution to Unitholders. Management prepares such estimate using reasonable and supportable assumptions that reflect the Fund’s planned courses of action given management’s judgment about the most probable set of economic conditions.