



# BOSTON PIZZA

ROYALTIES INCOME FUND

**SECOND QUARTER REPORT 2025**  
FOR THE PERIOD APRIL 1 TO JUNE 30, 2025





## HISTORY OF BOSTON PIZZA

Originating in Edmonton, Alberta in 1964, Boston Pizza and Spaghetti House was founded by Greek immigrant Gus Agioritis. The concept quickly gained popularity, paving the way for a franchise. The first franchisee was former R.C.M.P. officer, Jim Treliving, who opened his initial restaurant in Penticton, British Columbia in 1968. This venture brought him into contact with chartered accountant George Melville, who became Jim Treliving's eventual business partner. Over the following decade, the duo cultivated a network of 16 restaurants in British Columbia, gaining invaluable experience that would later propel them into their roles as franchisors of Boston Pizza International Inc. ("BPI"). In 1983, Jim Treliving and George Melville acquired BPI along with its 44 restaurants from the then owner Ron Coyle. Promptly divesting their own restaurants to franchisees, they instituted systems and standards conducive to sustained national growth. The expansion into Eastern Canada became a reality in September 1998, with the opening of the first location in Ottawa, Ontario. In 2017, as part of a meticulously planned succession, Jim Treliving and George Melville restructured their jointly-owned assets, resulting in Jim Treliving assuming full ownership of BPI.



There are currently over 370 Boston Pizza restaurants in Canada, stretching from Victoria to St. John's, with all but one of these restaurants being owned and operated by independent franchisees.



Boston Pizza Royalties Income Fund (the "Fund") was established in 2002 and began trading on the Toronto Stock Exchange ("TSX") under the symbol BPF.UN following its initial public offering on July 17 of that year. As part of its initial public offering, the Fund indirectly acquired the Canadian trademarks owned by BPI and licensed their use back to BPI in exchange for which BPI pays the Fund 4.0% of franchise sales from Boston Pizza restaurants in the Fund's royalty pool. In 2015, the Fund increased its interest in franchise sales from Boston Pizza restaurants in the Fund's royalty pool from 4.0% to 5.5%. In 2022, the Fund proudly celebrated its 20th anniversary on the TSX. As of January 1, 2025, there are 372 Boston Pizza restaurants in the Fund's royalty pool.



From its humble beginnings to becoming a beloved institution, Boston Pizza has been a gathering place for communities across Canada for over 60 years, providing guests with much needed opportunities to share food, share life and connect. In every Boston Pizza location, guests enjoy a comfortable atmosphere, professional service and an appealing and diverse menu. Whether it's a business lunch, family dinner or watching the game with friends, Boston Pizza provides its guests the opportunity to enjoy great food in a relaxed and inviting setting. In addition to its welcoming dine-in experience, Boston Pizza has built a strong takeout and delivery business, which accounted for over 20% of total sales across the chain in 2024. It is this combination of key ingredients that has enabled Boston Pizza to serve more guests in more locations than any other full-service restaurant brand in Canada.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**BOSTON PIZZA ROYALTIES INCOME FUND**  
For the three-month and six-month periods ended June 30, 2025

**FINANCIAL HIGHLIGHTS**

The tables below set out selected information from the unaudited condensed consolidated interim financial statements of Boston Pizza Royalties Income Fund (the “**Fund**”), which includes the accounts of the Fund, its wholly-owned subsidiaries Boston Pizza Holdings Trust (the “**Trust**”), Boston Pizza Holdings GP Inc. (“**Holdings GP**”) and Boston Pizza Holdings Limited Partnership (“**Holdings LP**”), its 80% owned subsidiary Boston Pizza GP Inc. (“**Royalties GP**”), and Boston Pizza Royalties Limited Partnership (“**Royalties LP**”), together with other information and should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Fund for the three-month and six-month periods ended June 30, 2025 and June 30, 2024, and the Fund’s audited annual consolidated financial statements for the year-ended December 31, 2024. The financial information in the tables included in this Management’s Discussion and Analysis (“**MD&A**”) are reported in accordance with IFRS Accounting Standards (“**IFRS**”) except as otherwise noted and are stated in Canadian dollars. Capitalized terms used in the tables and notes below are defined elsewhere in this MD&A.

<i>For the periods ended June 30</i>	Q2 2025	Q2 2024	YTD 2025	YTD 2024
<i>(in thousands of dollars – except restaurants, SRS, Payout Ratio and per Unit items)</i>				
Number of restaurants in Royalty Pool	372	372	372	372
Franchise Sales reported by restaurants in the Royalty Pool	251,812	236,792	482,954	458,824
Royalty Income	10,072	9,472	19,318	18,353
Distribution Income	3,306	3,111	6,342	6,030
Total revenue	13,378	12,583	25,660	24,383
Administrative expenses	(412)	(497)	(821)	(933)
Interest expense on debt and financing fees	(833)	(932)	(1,667)	(1,760)
Interest expense on Class B Unit liability	(1,046)	(1,063)	(1,776)	(1,792)
Interest income	37	69	84	135
Profit before fair value gain and income taxes	11,124	10,160	21,480	20,033
Fair value gain on investment in BP Canada LP	14,294	1,473	12,384	3,601
Fair value loss on Class B Unit liability	(6,369)	(656)	(5,518)	(1,604)
Fair value gain (loss) on Swaps	94	(672)	(609)	(484)
Current and deferred income tax expense	(4,825)	(2,841)	(7,072)	(5,615)
Net and comprehensive income	14,318	7,464	20,665	15,931
Basic earnings per Unit	0.67	0.35	0.97	0.75
Diluted earnings per Unit	0.67	0.33	0.97	0.74
<u>Distributable Cash<sup>1</sup> / Distributions / Payout Ratio<sup>2</sup></u>				
Cash flows generated from operating activities	9,939	9,613	19,204	18,713
BPI Class B Unit entitlement <sup>3</sup>	(1,171)	(1,095)	(2,247)	(2,167)
Interest paid on debt	(818)	(871)	(1,648)	(1,679)
Current income tax expense	(2,769)	(2,521)	(5,275)	(4,886)
Current income tax paid	2,770	2,370	5,243	4,832
Distributable Cash	7,951	7,496	15,277	14,813
Distributions paid	7,341	7,213	14,682	14,299
Payout Ratio	92.3%	96.2%	96.1%	96.5%
Distributable Cash per Unit <sup>4</sup>	0.374	0.352	0.718	0.696
Distributions paid per Unit	0.345	0.339	0.690	0.672
<u>Other</u>				
Same Restaurant Sales <sup>5</sup>	6.4%	1.7%	5.5%	0.4%
Number of restaurants opened	0	1	0	2
Number of restaurants closed	0	0	0	3
			Jun 30, 2025	Dec 31, 2024
Total assets			435,949	422,888
Total liabilities			147,296	142,665

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**Notes – Non-GAAP and Specified Financial Measures**

- 1 **“Distributable Cash”** is a non-GAAP financial measure under National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure* (“**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 (as defined below) entitlement in respect of its Class B Units in respect of the period (see note 3 below), minus (b) interest paid on debt during the period, minus (c) principal repayments on 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 MD&A 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 (as defined below) 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.
- 2 **“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.
- 3 **“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 SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca)) 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 debt, principal repayments on 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.
- 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 **“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. The Fund defines SRS as the change in Franchise Sales of Boston Pizza Restaurants as compared to the Franchise Sales for the same

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period in the previous year (where restaurants were open for a minimum of 24 months). The Fund believes that SRS provides Unitholders meaningful information regarding the performance of Boston Pizza Restaurants.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**SUMMARY OF QUARTERLY RESULTS**

	Q2 2025	Q1 2025	Q4 2024	Q3 2024
(in thousands of dollars – except restaurants, SRS, Payout Ratio and per Unit items)				
Number of restaurants in Royalty Pool	372	372	372	372
Franchise Sales reported by restaurants in the Royalty Pool	251,812	231,142	234,215	238,613
Royalty Income	10,072	9,246	9,369	9,544
Distribution Income	3,306	3,036	3,077	3,135
Total revenue	13,378	12,282	12,446	12,679
Administrative expenses	(412)	(409)	(401)	(379)
Interest expense on debt and financing fees	(833)	(834)	(870)	(887)
Interest expense on Class B Unit liability	(1,046)	(730)	(1,681)	(1,033)
Interest income	37	47	68	71
Profit before fair value gain (loss) and income taxes	11,124	10,356	9,562	10,451
Fair value gain (loss) on investment in BP Canada LP	14,294	(1,910)	(382)	8,511
Fair value (loss) gain on Class B Unit liability	(6,369)	851	170	(3,792)
Fair value gain (loss) on Swaps	94	(703)	(200)	(1,923)
Current and deferred income tax expense	(4,825)	(2,247)	(2,593)	(3,863)
Net and comprehensive income	14,318	6,347	6,557	9,384
Basic earnings per Unit	0.67	0.30	0.31	0.44
Diluted earnings per Unit	0.67	0.21	0.28	0.44
<u>Distributable Cash / Distributions / Payout Ratio</u>				
Cash flows generated from operating activities	9,939	9,265	9,419	9,990
BPI Class B Unit entitlement	(1,171)	(1,076)	(1,097)	(1,195)
Interest paid on debt	(818)	(830)	(840)	(758)
Current income tax expense	(2,769)	(2,506)	(2,523)	(2,584)
Current income tax paid	2,770	2,473	2,520	2,660
Distributable Cash	7,951	7,326	7,479	8,113
Distributions paid	7,341	7,341	8,852	7,214
Payout Ratio	92.3%	100.2%	118.4%	88.9%
Distributable Cash per Unit	0.374	0.344	0.351	0.381
Distributions paid per Unit	0.345	0.345	0.416	0.339
<u>Other</u>				
Same Restaurant Sales	6.4%	4.4%	3.4%	(0.6%)
Number of restaurants opened	0	0	2	0
Number of restaurants closed	0	0	0	1

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**SUMMARY OF QUARTERLY RESULTS (continued)**

	Q2 2024	Q1 2024	Q4 2023	Q3 2023
(in thousands of dollars – except restaurants, SRS, Payout Ratio and per Unit items)				
Number of restaurants in Royalty Pool	372	372	377	377
Franchise Sales reported by restaurants in the Royalty Pool	236,792	222,032	227,665	240,139
Royalty Income	9,472	8,881	9,106	9,606
Distribution Income	3,111	2,919	2,992	3,155
Total revenue	12,583	11,800	12,098	12,761
Administrative expenses	(497)	(436)	(347)	(350)
Interest expense on debt and financing fees	(932)	(828)	(839)	(838)
Interest expense on Class B Unit liability	(1,063)	(729)	(1,321)	(1,055)
Interest income	69	66	57	72
Profit before fair value gain (loss) and income taxes	10,160	9,873	9,648	10,590
Fair value gain (loss) on investment in BP Canada LP	1,473	2,128	928	(7,857)
Fair value (loss) gain on Class B Unit liability	(656)	(948)	(414)	3,501
Fair value (loss) gain on Swaps	(672)	188	(2,250)	333
Current and deferred income tax expense	(2,841)	(2,774)	(2,695)	(1,673)
Net and comprehensive income	7,464	8,467	5,217	4,894
Basic earnings per Unit	0.35	0.40	0.25	0.23
Diluted earnings per Unit	0.33	0.37	0.24	0.06
<u>Distributable Cash / Distributions / Payout Ratio</u>				
Cash flows generated from operating activities	9,613	9,100	9,288	9,659
BPI Class B Unit entitlement	(1,095)	(1,072)	(1,081)	(740)
Interest paid on debt	(871)	(808)	(817)	(825)
Current income tax expense	(2,521)	(2,365)	(2,445)	(2,603)
Current income tax paid	2,370	2,462	2,424	2,770
Distributable Cash	7,496	7,317	7,369	8,261
Distributions paid	7,213	7,086	6,830	6,848
Payout Ratio	96.2%	96.8%	92.7%	82.9%
Distributable Cash per Unit	0.352	0.344	0.346	0.387
Distributions paid per Unit	0.339	0.333	0.321	0.321
<u>Other</u>				
Same Restaurant Sales	1.7%	(1.0%)	0.6%	5.3%
Number of restaurants opened	1	1	1	0
Number of restaurants closed	0	3	4	0

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**OVERVIEW**

This MD&A covers the three-month period from April 1, 2025 to June 30, 2025 (the “**Period**”) and the six-month period from January 1, 2025 to June 30, 2025 (“**YTD**”) and is dated August 13, 2025. It provides additional analysis of the operations, financial position and financial performance of the Fund and should be read in conjunction with the Fund’s applicable unaudited condensed consolidated interim financial statements and accompanying notes. The unaudited condensed consolidated interim financial statements of the Fund are in Canadian dollars and have been prepared in accordance with IFRS except as otherwise noted.

**Purpose of the Fund / Sources of Revenue**

The Fund is a limited purpose open-ended trust established in July 2002, and the units of the Fund (the “**Units**”) trade on the Toronto Stock Exchange under the symbol BPF.UN. The Fund was originally created to acquire, indirectly through Royalties LP, the Canadian trademarks owned by Boston Pizza International Inc. (“**BPI**”, and where applicable also includes its wholly-owned subsidiaries) (collectively, the “**BP Rights**”<sup>6</sup>) used in connection with the operation of Boston Pizza restaurants in Canada (“**Boston Pizza Restaurants**”) and the business of BPI, its affiliated entities and franchisees (herein referred to as “**Boston Pizza**”). In May 2015, the Fund, indirectly through Holdings LP, completed an investment in Boston Pizza Canada Limited Partnership (“**BP Canada LP**”) to effectively increase the Fund’s interest in Franchise Sales (as defined below) of Boston Pizza Restaurants in the Royalty Pool (as defined below) by 1.5%, from 4.0% to 5.5% less the pro rata portion payable to BPI in respect of its retained interest in the Fund. BP Canada LP is a limited partnership controlled and operated by BPI and is the exclusive franchisor of Boston Pizza Restaurants.

The Fund has the following principal sources of revenue:

*Royalty Income*

Royalties LP licenses the BP Rights to BPI in return for BPI paying Royalties LP a royalty equal to 4.0% (the “**Royalty Income**”) of Franchise Sales of those Boston Pizza Restaurants included in the Royalty Pool, as defined in the license and royalty agreement dated July 17, 2002, as amended on May 9, 2005 between Royalties LP and BPI. As of June 30, 2025, there were 372 Boston Pizza Restaurants in the Royalty Pool, of which approximately 370 were operating and open for business to the public.<sup>7</sup>

“**Franchise Sales**” means the gross revenue: (i) of the corporate Boston Pizza Restaurants owned by BPI that are in the Royalty Pool; and (ii) reported to BP Canada LP by franchised Boston Pizza Restaurants 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.

*Distribution Income*

Holdings LP holds Class 1 limited partnership units (“**Class 1 LP Units**”) and Class 2 limited partnership units (“**Class 2 LP Units**”) of BP Canada LP, and BPI holds, indirectly through Boston Pizza Canada Holdings

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6 BP Rights are the Boston Pizza trademarks that as at July 17, 2002 were registered or the subject of pending applications for registration under the *Trademarks Act* (Canada) and other trademarks and trade names which are confusingly similar to any of the registered or pending trademarks, and any subsequently registered or applied for trademarks using or incorporating Boston, Boston’s, BP or the BP roundel. The BP Rights purchased do not include the rights outside of Canada to any trademarks or trade names used by BPI or any affiliated entities in its business, and in particular do not include the rights outside of Canada to the trademarks registered or pending registration under the *Trademarks Act* (Canada).

7 Boston Pizza Restaurants may temporarily or permanently close for a variety of reasons. The Royalty Pool is adjusted only once a year on January 1 to add new Boston Pizza Restaurants that opened and to remove Boston Pizza Restaurants that permanently closed. Accordingly, the number of Boston Pizza Restaurants in the Royalty Pool at any time may exceed the number of Boston Pizza Restaurants that are actively operating and open for business to the public. See “Overview - Addition of New Restaurants to Royalty Pool” below for more information regarding adjustments to the Royalty Pool.

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Partnership (“**BPCHP**”), a general partnership owned and controlled by BPI, Class 2 general partnership units (“**Class 2 GP Units**”) of BP Canada LP, which are exchangeable into Units. The Class 1 LP Units and Class 2 LP Units entitle Holdings LP to receive distributions from BP Canada LP equal, in aggregate, to 1.5% of Franchise Sales, less the *pro rata* portion payable to BPI in respect of its retained interest in the Fund (“**Distribution Income**”). Specifically, the Class 1 LP Units entitle Holdings LP to receive a priority distribution equal to the amount of interest that Holdings LP pays on amounts drawn on Facility D (as defined below) plus 0.05% of that amount, with the balance of 1.5% of Franchise Sales being distributed *pro rata* to Holdings LP and BPI on the Class 2 LP Units and Class 2 GP Units, respectively.

**Top-Line Fund / Increases in Franchise Sales**

The Fund effectively has the right to receive from BPI and BP Canada LP an amount equal to 5.5% of Franchise Sales (4.0% of which is payable via the Royalty Income and 1.5% of which is payable as Distribution Income on the Class 1 LP Units and Class 2 LP Units), less the *pro rata* portion payable to BPI in respect of its retained interest in the Fund. A key attribute of the Fund's structure is that it is a “top-line” fund. Both Royalty Income and Distribution Income of the Fund are based on Franchise Sales of Boston Pizza Restaurants in the Royalty Pool and are not determined by the profitability of BPI, BP Canada LP or Boston Pizza Restaurants in the Royalty Pool. The Fund's cash payments include administrative expenses, principal repayments and interest expenses on debt, amounts paid by Royalties LP to BPI on the Class B general partner units (“**Class B Units**”) of Royalties LP, and current income tax. Therefore, the Fund is not subject to the variability of earnings or expenses associated with an operating business. Given this structure, the success of the Fund depends primarily on the ability of BPI and BP Canada LP to maintain and increase Franchise Sales of Boston Pizza Restaurants in the Royalty Pool.

Increases in Franchise Sales and resulting Royalty Income and Distribution Income are derived from both new Boston Pizza Restaurants added to the Royalty Pool and SRS. The two principal factors that affect SRS are changes in guest traffic and changes in average guest cheque. Increased average cheque levels are achieved through a combination of menu mix changes and increases to menu prices. However, the extent to which menu price increases result in increased average guest cheque is dependent upon consumer reaction to the price increases. Boston Pizza's ability to increase SRS is dependent upon existing Boston Pizza Restaurants maintaining operational excellence, general market conditions, weather, menu pricing, and marketing programs undertaken by BPI and BP Canada LP. One of BPI's and BP Canada LP's competitive strengths in increasing Franchise Sales of existing restaurants is that the standard franchise agreement for Boston Pizza Restaurants requires that each Boston Pizza Restaurant undergoes a complete restaurant renovation every seven years and completes equipment upgrades as required by BP Canada LP. Restaurants typically close or partially close for two to three weeks to complete the renovation, which incorporates updated design elements that result in a refreshed and more appealing restaurant.

Franchise Sales are also affected by the permanent closures of Boston Pizza Restaurants. A Boston Pizza Restaurant is closed when it ceases to be viable or when the franchise agreement applicable to that Boston Pizza Restaurant has expired or been terminated.

**Addition of New Restaurants to Royalty Pool**

On January 1 of each year (each, an “**Adjustment Date**”), an adjustment is made to add to the Royalty Pool new Boston Pizza Restaurants that opened (“**New Restaurants**”) and to remove any Boston Pizza Restaurants that permanently closed since January 1 of the previous year (“**Closed Restaurants**”). In return for adding new Royalty Income and Distribution Income from the New Restaurants after subtracting the Royalty Income and Distribution Income that is lost from the Closed Restaurants<sup>8</sup> (such difference, “**Net Royalty and Distribution Income**”), BPI receives the right to indirectly acquire additional Units (in respect of the Royalty Income, “**Class B Additional Entitlements**” and in respect of Distribution Income, “**Class 2 Additional Entitlements**”, and collectively, “**Additional Entitlements**”). The calculation of Additional Entitlements is designed to be accretive to unitholders of the Fund (“**Unitholders**”) as the expected increase in Franchise Sales from the New Restaurants

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<sup>8</sup> The Royalty Income and Distribution Income that is lost from the Closed Restaurants is calculated based upon the actual Franchise Sales received from the Closed Restaurants during the 12-month period immediately following their addition to the Royalty Pool.

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added to the Royalty Pool less the decrease in Franchise Sales from the Closed Restaurants is valued at a 7.5% discount. The Additional Entitlements are calculated at 92.5% of the estimated Royalty Income and Distribution Income expected to be generated by the New Restaurants less the actual Royalty Income and Distribution Income lost from the Closed Restaurants, multiplied by one minus the effective tax rate estimated to be paid by the Fund, divided by the yield of the Fund, divided by the weighted average Unit price over a specified period. BPI receives 80% of the Additional Entitlements initially, with the balance received when the actual full year performance of the New Restaurants and the actual effective tax rate paid by the Fund are known with certainty (such balance of Units in respect of the increased Royalty Income, the "**Class B Holdback**", and in respect of the increased Distribution Income, the "**Class 2 Holdback**", and collectively, the "**Holdback**"). BPI receives 100% of the distributions on the Additional Entitlements throughout the year. After the New Restaurants have been part of the Royalty Pool for a full year, an audit of the Franchise Sales of these restaurants is performed, and the actual effective tax rate paid by the Fund is determined. At such time, an adjustment is made to reconcile distributions paid to BPI and the Additional Entitlements received by BPI.

It is possible that on an Adjustment Date, the Net Royalty and Distribution Income is negative as a result of the estimated Royalty Income and Distribution Income expected to be generated by the New Restaurants being less than the actual Royalty Income and Distribution Income that is lost from the Closed Restaurants (the amount by which it is less is the "**Deficiency**"). In such case, BPI would not receive any Additional Entitlements, however, nor would BPI lose any of the Additional Entitlements previously received by BPI. Rather, on future Adjustment Dates, BPI would be required to make-up the Deficiency by first adding Net Royalty and Distribution Income in an amount equal to the Deficiency before receiving any further Additional Entitlements (i.e., BPI only receives Additional Entitlements in respect of the cumulative amount by which Royalty Income and Distribution Income from New Restaurants exceeds actual Royalty Income and Distribution Income lost from Closed Restaurants).

**Economic Uncertainties**

The success of BPI, BP Canada LP and Boston Pizza Restaurants, and the amount of Franchise Sales, Royalty Income, Distribution Income and the Fund's Distributable Cash available for distribution to Unitholders, are dependent upon many economic factors. In 2024 and the first half of 2025, Boston Pizza Restaurants were challenged, among other things, by impacts of inflation and interest rates, rising input costs, decreased labour availability, changes in consumer demand, some of which impact guest visitation frequencies, guests' willingness to accept price increases, and major geopolitical developments. The heightened trade tensions between Canada and the United States of America, including the imposition of tariffs and counter-tariffs, have created uncertainty and concern for Canada's macroeconomic outlook. The effects of these heightened trade tensions and associated uncertainty have the potential to increase input costs and decrease availability of goods for Boston Pizza Restaurants, together with dampening consumer demand, confidence, and discretionary spending, and increasing unemployment rates. These dynamics can contribute to broader economic contractions or recessionary conditions that directly adversely affect the performance of consumer-facing industries like casual dining.

However, Boston Pizza's supply chain is currently well positioned to weather the volatility caused by trade tensions and threats of tariffs and counter-tariffs as the overwhelming majority of raw materials purchased by Boston Pizza Restaurants in the day-to-day operation of their businesses are sourced within Canada and not subject to counter-tariffs. In addition, the trade tensions with the United States of America have resulted in Canadian consumers spending less on travel to the United States of America and more on supporting Canadian brands like Boston Pizza. Conversely, any degradation of consumer demand, confidence or discretionary spending, or increases in unemployment rates and recessionary fears may result in reduced guest visitation, average guest cheque amounts, Franchise Sales, Royalty Income, Distribution Income, the Fund's Distributable Cash available for distribution to Unitholders, and profitability of Boston Pizza Restaurants, all of which would increase the risk of Boston Pizza Restaurants closing.

However, despite these challenges and the current uncertainty, Boston Pizza Restaurants have been able to generate solid Franchise Sales and offer affordable dining options, both on and off-premise, for guests in economically uncertain times. As demonstrated during COVID-19, BPI, BP Canada LP and Boston Pizza Restaurants have the ability to adapt to changes in operating environments and economic conditions.

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For additional information regarding economic uncertainties and the strategies and tactics used by Boston Pizza to mitigate their effects, refer to the "Risks & Risk Management – Risks Related to the Business of BPI and BP Canada LP" section of Fund's Annual Information Form dated March 28, 2025, a copy of which is available the Fund's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Fund's website at [www.bpincomefund.com](http://www.bpincomefund.com).

**New Restaurant Openings, Closures and Renovations**

During the Period, there were no New Restaurants (YTD – nil) and no Closed Restaurants (YTD – nil). As well, nine Boston Pizza Restaurants were renovated during the Period (YTD – 15).

**OPERATING RESULTS**

**Same Restaurant Sales and Franchise Sales**

Period

SRS was 6.4% for the Period compared to 1.7% reported in the second quarter of 2024. SRS for the Period was principally due to effective promotional initiatives, continued momentum in take-out and delivery, and favourable comparisons to a softer performance in the same period in the prior year.

Franchise Sales of Boston Pizza Restaurants in the Royalty Pool were \$251.8 million for the Period compared to \$236.8 million for the second quarter of 2024. The \$15.0 million increase in Franchise Sales for the Period was primarily due to positive SRS.

YTD

SRS was 5.5% YTD compared to 0.4% reported year-to-date in 2024. SRS was principally due to effective promotional initiatives, continued momentum in take-out and delivery, and favourable comparisons to a softer performance in the same period in the prior year.

Franchise Sales of Boston Pizza Restaurants in the Royalty Pool were \$483.0 million YTD compared to \$458.8 million year-to-date in 2024. The \$24.2 million increase in Franchise Sales YTD was primarily due to positive SRS.

**Royalty Income and Distribution Income**

Period

Royalty Income and Distribution Income earned by the Fund was \$10.1 million and \$3.3 million for the Period, respectively, compared to \$9.5 million and \$3.1 million, respectively, for the second quarter of 2024. Royalty Income and Distribution Income in respect of the Period was based on the Royalty Pool of 372 Boston Pizza Restaurants reporting Franchise Sales of \$251.8 million. In the second quarter of 2024, Royalty Income and Distribution Income was based on the Royalty Pool of 372 Boston Pizza Restaurants reporting Franchise Sales of \$236.8 million. The increase in Royalty Income and Distribution Income for the Period was primarily due to positive SRS.

YTD

Royalty Income and Distribution Income earned by the Fund was \$19.3 million and \$6.3 million YTD, respectively, compared to \$18.4 million and \$6.0 million, respectively, year-to-date in 2024. Royalty Income and Distribution Income YTD was based on the Royalty Pool of 372 Boston Pizza Restaurants reporting Franchise Sales of \$483.0 million. Year-to-date in 2024, Royalty Income and Distribution Income was based on the Royalty Pool of 372 Boston Pizza Restaurants reporting Franchise Sales of \$458.8 million. The increase in Royalty Income and Distribution Income YTD was primarily due to positive SRS.

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**Administrative Expenses**

Period

Administrative expenses incurred by the Fund were \$0.4 million for the Period, a nominal change from \$0.5 million in the second quarter of 2024. Administrative expenses are comprised of professional fees, trustee fees and expenses, the reimbursement charge payable to BPI and other general and administrative expenses.

YTD

Administrative expenses incurred by the Fund were \$0.8 million YTD, a nominal change from \$0.9 million year-to-date in 2024.

**Net Interest Expense**

Period

Net interest expense incurred by the Fund totaled \$1.8 million for the Period, comprised of interest on Class B Units of \$1.0 million and interest on debt and financing fees of \$0.8 million. Net interest expense incurred by the Fund totaled \$1.9 million for the second quarter of 2024, comprised of interest on Class B Units of \$1.1 million and interest on debt and financing fees of \$0.9 million, partially offset by interest income of \$0.1 million. The Class B Units are classified as financial liabilities and therefore, amounts paid by Royalties LP to BPI in respect of the Class B Units are classified as interest expense and not distributions. The \$0.1 million decrease in net interest expense for the Period was primarily due to a \$0.1 million decrease in interest expense on debt and financing fees due to lower interest rates.

YTD

Net interest expense incurred by the Fund totaled \$3.4 million YTD, comprised of interest on Class B Units of \$1.8 million and interest on debt and financing fees of \$1.7 million, partially offset by interest income of \$0.1 million. Net interest expense incurred by the Fund totaled \$3.4 million year-to-date in 2024, comprised of interest on Class B Units of \$1.8 million and interest on debt and financing fees of \$1.8 million, partially offset by interest income of \$0.1 million. The \$0.1 million decrease in interest expense on debt and financing fees was partially offset by a nominal decrease in interest income, with both changes due to lower interest rates.

**Profit before Fair Value Gain (Loss) and Income Taxes**

Period

The Fund's profit before fair value gain (loss) and income taxes was \$11.1 million for the Period compared to \$10.2 million for the second quarter of 2024. The \$0.9 million increase in profit before fair value gain (loss) and income taxes for the Period was primarily due to an increase in Royalty Income and Distribution Income of \$0.8 million and a decrease in interest on debt and financing fees of \$0.1 million.

YTD

The Fund's profit before fair value gain (loss) and income taxes was \$21.5 million YTD compared to \$20.0 million year-to-date in 2024. The \$1.5 million increase in profit before fair value gain (loss) and income taxes YTD was primarily due to an increase in Royalty Income and Distribution Income of \$1.3 million, a decrease in administrative expenses of \$0.1 million, and a decrease in interest on debt and financing fees of \$0.1 million.

**Fair Value Gain (Loss)**

The Fund classifies the investment in Class 1 LP Units and Class 2 LP Units as financial assets at fair value through profit or loss, the Class B Unit liability as a financial liability at fair value through profit or loss, and Swaps (as defined below) as derivative instruments. As such, fair value adjustments are recognized in the Fund's

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statements of comprehensive income in accordance with IFRS. For additional information regarding Swaps, refer to the "Liquidity & Capital Resources – Interest Rate Swaps" section of this MD&A. For additional information regarding financial liabilities and assets at fair value, refer to the "Critical Accounting Estimates" section of this MD&A.

Period

During the Period, the Fund recognized a fair value gain of \$8.0 million compared to \$0.1 million for the same period in 2024. The change in fair value was principally due to the change in the price of Units, which is used to estimate the value of the Class 2 LP Units and upon which the Class B Unit liability is measured. Changes in interest rates, upon which the Swaps are measured, also impact the change in fair value.

The Fund indirectly acquired the Class 1 LP Units on May 6, 2015 for \$33.3 million. The Class 1 LP Units are entitled to distributions determined with respect to the interest cost payable on Facility D. The Fund estimates the fair value of the Class 1 LP Units using a market-corroborated input, being the interest rate applicable on Facility D. Consequently, the Fund estimated the fair value of Class 1 LP Units as at June 30, 2025 to be \$33.3 million (March 31, 2025 – \$33.3 million), resulting in no fair value adjustment for the Period.

The Fund estimates the fair value of the Class 2 LP Units by multiplying the number of Class 2 LP Units indirectly held by the Fund at the end of the Period by the closing price of the Units on the last business day of the Period. Based on the Fund's closing price of \$19.75 per Unit on June 30, 2025 (March 31, 2025 – \$17.13 per Unit) and the 5,455,762 Class 2 LP Units held by the Fund (March 31, 2025 – 5,455,762), the fair value of the Class 2 LP Units was estimated to be \$107.8 million (March 31, 2025 – \$93.5 million), resulting in a fair value gain of \$14.3 million for the Period. In general, the fair value of the Class 2 LP Units will increase as the market price of Units increases and vice versa.

The Fund estimates the fair value of the Class B Unit liability by multiplying the number of Units that BPI would be entitled to receive if it exchanged all of the Class B Units (including the Class B Holdback) held by BPI at the end of the Period by the closing price of the Units on the last business day of the Period. Based on the Fund's closing price of \$19.75 per Unit on June 30, 2025 (March 31, 2025 – \$17.13 per Unit) and the 2,430,823 Units BPI would be entitled to receive if it exchanged all of the Class B Units (including the Class B Holdback) held by BPI (March 31, 2025 – 2,430,823), the Class B Unit liability (on a fully-diluted basis) was valued at \$48.0 million (March 31, 2025 – \$41.6 million), resulting in a fair value loss of \$6.4 million. In general, the Fund's Class B Unit liability will increase as the market price of Units increases and vice versa. In addition, the Fund's Class B Unit liability increases as the number of Units BPI would be entitled to receive if it exchanged all of its Class B Units (including the Class B Holdback) increases and vice versa.

The Fund recognized a fair value gain of \$0.1 million in the Period as a result of the increase in the fair value of the Swaps due to changes in interest rates during the Period. For the same period in 2024, the Fund recognized a fair value loss of \$0.7 million as a result of the decrease in the fair value of the Swaps due to changes in interest rates.

YTD

YTD, the Fund recognized a fair value gain of \$6.3 million compared to \$1.5 million for the same period in 2024. The change in fair value was principally due to the change in the price of Units, which is used to estimate the value of the Class 2 LP Units and upon which the Class B Unit liability is measured. Changes in interest rates, upon which the Swaps are measured, also impact the change in fair value.

The Fund indirectly acquired the Class 1 LP Units on May 6, 2015 for \$33.3 million. As discussed above, the Fund estimated the fair value of Class 1 LP Units as at June 30, 2025 to be \$33.3 million (December 31, 2024 – \$33.3 million), resulting in no fair value adjustment YTD.

As at December 31, 2024, the Fund indirectly held 5,455,762 Class 2 LP Units and the Fund's closing price was \$17.48. Consequently, the Fund estimated the fair value of the Class 2 LP Units as at December 31, 2024 to be \$95.4 million. As discussed above, the Fund estimated the fair value of the Class 2 LP Units as at June 30, 2025

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to be \$107.8 million, resulting in a fair value gain of \$12.4 million YTD. In general, the fair value of the Class 2 LP Units will increase as the market price of Units increases and vice versa.

As at December 31, 2024, the number of Units BPI would be entitled to receive if it exchanged all of the Class B Units (including the Class B Holdback) held by BPI was 2,430,823 and the Fund's closing price was \$17.48 per Unit. The Class B Unit liability (on a fully-diluted basis) as at December 31, 2024 was valued at \$42.5 million. As discussed above, the Class B Unit liability YTD was valued at \$48.0 million as at June 30, 2025, resulting in a fair value loss of \$5.5 million.

The Fund recorded a \$0.6 million fair value loss YTD as a result of the decrease in the fair value of the Swaps due to changes in interest rates YTD. Year-to-date in 2024, the Fund recorded a \$0.5 million fair value loss as a result of the decrease in the fair value of the Swaps due to changes in interest rates.

**Income Taxes**

The Fund is subject to specified investment flow-through tax ("**SIFT Tax**"), which is the Fund's only current income tax expense.

Period

The Fund's income tax expense for the Period was \$4.8 million, comprised of \$2.8 million in current income tax expense and \$2.0 million in non-cash deferred income tax expense. The Fund's income tax expense for the second quarter of 2024 was \$2.8 million, comprised of \$2.5 million in current income tax expense and \$0.3 million in non-cash deferred income tax expense. The \$0.3 million increase in current income tax expense is due to higher profit before fair value gain (loss) and income taxes. The \$1.7 million increase in non-cash deferred income tax expense is due to changes in the temporary differences between the accounting and tax base of: (i) the BP Rights owned by Royalties LP generated since the inception of the Fund; (ii) the Fund's indirect investment in BP Canada LP; and (iii) the fair value of the Swaps.

YTD

The Fund's income tax expense YTD was \$7.1 million, comprised of \$5.3 million in current income tax expense and \$1.8 million in non-cash deferred income tax expense. The Fund's income tax expense year-to-date in 2024 was \$5.6 million, comprised of \$4.9 million in current income tax expense and \$0.7 million in non-cash deferred income tax expense. The \$0.4 million increase in current income tax expense is due to higher profit before fair value gain (loss) and income taxes. The \$1.1 million increase in non-cash deferred income tax expense is due to changes in the temporary differences between the accounting and tax base of: (i) the BP Rights owned by Royalties LP generated since the inception of the Fund; (ii) the Fund's indirect investment in BP Canada LP; and (iii) the fair value of the Swaps.

**Net and Comprehensive Income / Basic and Diluted Earnings**

Period

The Fund's net and comprehensive income was \$14.3 million for the Period compared to \$7.5 million for the second quarter of 2024. The Fund's basic earnings per Unit was \$0.67 for the Period compared to \$0.35 for the second quarter of 2024. The Fund's diluted earnings per Unit was \$0.67 for the Period compared to \$0.33 for the second quarter of 2024. The \$6.8 million increase in the Fund's net and comprehensive income for the Period compared to the second quarter of 2024 was primarily due to a \$7.9 million increase in fair value gain and a \$0.9 million increase in profit before fair value gain (loss) and income taxes, partially offset by an increase in current and deferred income tax expense of \$2.0 million.

YTD

The Fund's net and comprehensive income was \$20.7 million YTD compared to \$15.9 million year-to-date in 2024. The Fund's basic earnings per Unit was \$0.97 YTD compared to \$0.75 year-to-date in 2024. The Fund's

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diluted earnings per Unit was \$0.97 YTD compared to \$0.74 year-to-date in 2024. The \$4.8 million increase in the Fund's net and comprehensive income YTD compared to the same period in 2024 was primarily due to a \$4.8 million increase in fair value gain and a \$1.5 million increase in profit before fair value gain (loss) and income taxes, partially offset by an increase in current and deferred income tax expense of \$1.5 million.

**Distributions**

Period

During the Period, the Fund declared distributions on the Units in the aggregate amount of \$7.3 million or \$0.345 per Unit. During the second quarter of 2024, the Fund declared distributions on the Units in the aggregate amount of \$7.2 million or \$0.339 per Unit. During the Period, the Fund paid distributions on the Units in the aggregate amount of \$7.3 million or \$0.345 per Unit. During the second quarter of 2024, the Fund paid distributions on the Units in the aggregate amount of \$7.2 million or \$0.339 per Unit. The amount of distributions declared during the Period increased by \$0.1 million or \$0.006 per Unit due to the monthly distribution rate increasing from \$0.113 per Unit to \$0.115 per Unit commencing with the November 2024 distribution (the "**November 2024 Distribution Increase**"). The amount of distributions paid during the Period increased by \$0.1 million or \$0.006 per Unit due to the November 2024 Distribution Increase.

YTD

YTD, the Fund declared distributions on the Units in the aggregate amount of \$12.2 million or \$0.575 per Unit. During the same period in 2024, the Fund declared distributions on the Units in the aggregate amount of \$12.0 million or \$0.565 per Unit. YTD, the Fund paid distributions on the Units in the aggregate amount of \$14.7 million or \$0.690 per Unit. During the same period in 2024, the Fund paid distributions on the Units in the aggregate amount of \$14.3 million or \$0.672 per Unit. The amount of distributions declared YTD increased by \$0.2 million or \$0.010 per Unit due to the November 2024 Distribution Increase. The amount of distributions paid YTD increased by \$0.4 million or \$0.018 per Unit due to the monthly distribution rate increasing from \$0.107 per Unit to \$0.113 per Unit commencing with the January 2024 distribution (the "**January 2024 Distribution Increase**") and the November 2024 Distribution Increase.

The Fund pays distributions on the Units in respect of any calendar month not later than the last business day of the immediately subsequent month. Consequently, monthly distributions payable by the Fund on the Units in respect of the Period were the April 2025 distribution (which was paid on May 30, 2025), the May 2025 distribution (which was paid on June 30, 2025), and the June 2025 distribution (which was paid on July 31, 2025). Similarly, the distributions payable by the Fund on the Units in respect of any other period are paid in the immediately subsequent month of such period.

August 2025 Distribution Increase

On August 13, 2025, the trustees of the Fund declared a distribution for the period of July 1, 2025 to July 31, 2025 of \$0.120 per Unit, which will be payable on August 29, 2025 to Unitholders of record on August 21, 2025. This is an increase of \$0.005 per Unit, or 4.3%, from the previous monthly distribution rate of \$0.115 per Unit. On an annualized basis, the new monthly distribution rate equates to \$1.440 per Unit compared to \$1.380 per Unit for the previously monthly distribution rate. Including the July 2025 distribution, which will be paid on August 29, 2025, the Fund will have paid out total distributions of \$470.5 million or \$28.26 per Unit, which includes 271 monthly distributions and three special distributions.

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Distributions related to the Period were as follows:

<b>PERIOD</b>	<b>PAYMENT DATE</b>	<b>AMOUNT/UNIT</b>
March 1 – 31, 2025	April 30, 2025	11.5¢
April 1 – 30, 2025	May 30, 2025	11.5¢
May 1 – 31, 2025	June 30, 2025	11.5¢
June 1 – 30, 2025	July 31, 2025*	11.5¢

\* Declared and paid subsequent to the Period.

Distributions for the Period were funded entirely by cash flows generated from operating activities. No debt was incurred at any point during the Period to fund distributions.

**Cash Flows from Operating Activities**

Period

Cash generated from operating activities for the Period was \$9.9 million compared to \$9.6 million in the second quarter of 2024. The increase of \$0.3 million was primarily due to an increase in Royalty Income and Distribution Income of \$0.8 million, partially offset by an increase in income taxes paid of \$0.4 million and a decrease in changes in working capital of \$0.1 million.

YTD

Cash generated from operating activities YTD was \$19.2 million compared to \$18.7 million in the same period in 2024. The increase of \$0.5 million was primarily due to an increase in Royalty Income and Distribution Income of \$1.3 million, partially offset by an increase in income taxes paid of \$0.4 million and a decrease in changes in working capital of \$0.4 million.

**Cash Flow used in Financing Activities**

Period

During the Period, the Fund used \$9.2 million in cash for financing activities compared to \$9.2 million in the second quarter of 2024. The nominal increase was due to higher distributions paid to Unitholders of \$0.1 million, partially offset by lower interest paid on debt of \$0.1 million.

YTD

YTD, the Fund used \$18.5 million in cash for financing activities compared to \$18.1 million in the same period in 2024. The increase of \$0.4 million was primarily due to higher distributions paid to Unitholders.

**Distributable Cash / Distributable Cash per Unit**

Period

The Fund generated Distributable Cash of \$8.0 million for the Period compared to \$7.5 million for the second quarter of 2024. The increase in Distributable Cash of \$0.5 million or 6.1% was primarily due to an increase in cash flows generated from operating activities of \$0.3 million, SIFT Tax on Units adjustment of \$0.2 million and lower interest paid on debt of \$0.1 million, partially offset by an increase in Class B Unit entitlement of \$0.1 million.

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The Fund generated Distributable Cash per Unit of \$0.374 for the Period compared to \$0.352 per Unit for the second quarter of 2024. The increase in Distributable Cash per Unit of \$0.022 or 6.3% was primarily attributable to the increase in Distributable Cash outlined above.

YTD

The Fund generated Distributable Cash of \$15.3 million YTD compared to \$14.8 million for the same period in 2024. The increase in Distributable Cash of \$0.5 million or 3.1% was primarily due to an increase in cash generated from operating activities of \$0.5 million.

The Fund generated Distributable Cash per Unit of \$0.718 YTD compared to \$0.696 per Unit for the same period in 2024. The increase in Distributable Cash per Unit of \$0.022 or 3.2% was primarily attributable to the increase in Distributable Cash outlined above.

The Fund's Distributable Cash and Distributable Cash per Unit since January 1, 2023, generated in each financial quarter, are as follows:

**Distributable Cash**

<i>(in millions of dollars)</i>	Q1	Q2	Q3	Q4	Annual
2025	\$ 7.3	<b>\$ 8.0</b>			
2024	\$ 7.3	\$ 7.5	\$ 8.1	\$ 7.5	\$ 30.4
2023	\$ 7.2	\$ 7.9	\$ 8.3	\$ 7.4	\$ 30.7

**Distributable Cash per Unit**

	Q1	Q2	Q3	Q4	Annual
2025	\$ 0.344	<b>\$ 0.374</b>			
2024	\$ 0.344	\$ 0.352	\$ 0.381	\$ 0.351	\$ 1.429
2023	\$ 0.334	\$ 0.365	\$ 0.387	\$ 0.346	\$ 1.432

**Payout Ratio**

Period

The Fund's Payout Ratio for the Period was 92.3% compared to 96.2% in the second quarter of 2024. The decrease in the Fund's Payout Ratio for the Period was due to Distributable Cash increasing by \$0.5 million or 6.1%, partially offset by distributions paid increasing by \$0.1 million or 1.8%.

YTD

The Fund's Payout Ratio YTD was 96.1% compared to 96.5% year-to-date in 2024. The decrease in the Fund's Payout Ratio YTD was due to Distributable Cash increasing by \$0.5 million or 3.1%, partially offset by distributions paid increasing by \$0.4 million or 2.7%.

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The Fund’s quarterly and annual Payout Ratios with respect to each financial quarter since January 1, 2023 are as follows:

	Q1	Q2	Q3	Q4	Annual
2025	100.2%	<b>92.3%</b>			
2024	96.8%	96.2%	88.9%	118.4%	99.9%
2023	91.6%	88.0%	82.9%	92.7%	88.6%

The Fund’s Payout Ratio fluctuates quarter-to-quarter depending upon the amount of distributions paid during a quarter and the amount of Distributable Cash generated during that quarter. On a trailing 12-month basis, the Fund’s Payout Ratio was 99.6% as at June 30, 2025.

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**Units Outstanding**

The following table sets forth a summary of the outstanding Units. BPI owns 100% of the Class B Units and 1% of the ordinary general partner units of Royalties LP. BPI also owns 100% of the Class 2 GP Units, and 100% of the Class 3, Class 4, Class 5 and Class 6 general partnership units of BP Canada LP. The Class B Units and Class 2 GP Units are exchangeable for Units. References to “Class B Additional Entitlements” and “Class 2 Additional Entitlements” in the table below refer to the number of Units into which the Class B Units and Class 2 GP Units, respectively, are exchangeable as of the dates indicated.

	Issued and Outstanding Units and Additional Entitlements	Issued and Outstanding Units, Additional Entitlements and Holdback
<u>Units Outstanding</u>		
Issued and Outstanding Units as of June 30, 2025	21,278,563	21,278,563
<u>Class B Additional Entitlements Outstanding</u>		
Class B Additional Entitlements – Outstanding as of December 31, 2024	2,430,823	2,430,823
Class B Additional Entitlements – Issued as of January 1, 2025	--	-- (1)
Class B Holdback Created January 1, 2025	N/A	-- (1)
Class B Additional Entitlements – Issued in respect of 2024 after the audit	N/A	N/A
Total Class B Additional Entitlements as of August 13, 2025	2,430,823	2,430,823
<u>Class 2 Additional Entitlements Outstanding</u>		
Class 2 Additional Entitlements – Outstanding as of December 31, 2024	831,354	831,354
Class 2 Additional Entitlements – Issued as of January 1, 2025	--	-- (1)
Class 2 Holdback Created January 1, 2025	N/A	-- (1)
Class 2 Additional Entitlements – Issued in respect of 2024 after the audit	N/A	N/A
Total Class 2 Additional Entitlements as of August 13, 2025	831,354	831,354
<u>Summary as of August 13, 2025</u>		
Total Issued and Outstanding Units	21,278,563	21,278,563
Total Additional Entitlements	3,262,177	3,262,177
Fully Diluted Units	24,540,740	24,540,740
BPI’s Percentage Ownership	13.3%	13.3%

1) No Additional Entitlements were issued to BPI and no Holdback was created since a Deficiency existed in respect of the Adjustment Date of 2025.

BPI directly and indirectly holds 100% of the special voting units (the “**Special Voting Units**”) of the Fund, which entitle BPI to one vote in respect of matters to be voted upon by Unitholders for each Unit that BPI would be entitled to receive if it exchanged all of its Class B Units and Class 2 GP Units for Units. As of August 13, 2025, BPI was entitled to 3,262,177 votes, representing 13.3% of the aggregate votes held by holders of Units and Special Voting Units. The number of Units that BPI is entitled to receive upon the exchange of its Class B Units and Class 2 GP Units and the number of votes that BPI is entitled to in respect of its Special Voting Units is adjusted periodically to reflect any additional Boston Pizza Restaurants that were added to the Royalty Pool.

**LIQUIDITY & CAPITAL RESOURCES**

The Fund’s long-term distribution policy is to distribute the total amount of cash received by the Fund from the Trust on the units of the Trust and notes of the Trust less the sum of: (a) administrative expenses and other obligations of the Fund; (b) amounts which may be paid by the Fund in connection with any cash redemptions of Units; (c) any interest expense incurred by the Fund; (d) any contractually required repayments of principal of the Fund’s indebtedness; and (e) reasonable reserves established by the trustees of the Fund in their sole discretion, including, without limitation, reserves to pay SIFT Tax, in order to maximize returns to Unitholders. The Fund’s policy is to make equal distribution payments to Unitholders on a monthly basis in order to smooth out fluctuations in Distributable Cash. Any further change in distributions will be implemented in such a manner so that the continuity of uniform monthly distributions is maintained, while making provisions for working capital due to seasonal variations of Boston Pizza Restaurant sales. It is expected that future distributions will continue to be funded entirely by cash flows from operations. The Fund believes its current sources of liquidity are sufficient to cover its currently known short and long-term obligations. While the Credit Facilities (defined below) mature on

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July 1, 2026, the Fund expects that it will be able to refinance the Credit Facilities before then on acceptable terms. This is based on the Fund's ability to generate positive cash flow from operations, its history of being able to successfully refinance its debt, its pro forma debt to EBITDA ratio being at a foreseeably manageable level by industry standards, and positive relationships with lenders.

**Indebtedness**

Credit Facilities

Holdings LP and Royalties LP have credit facilities with a Canadian chartered bank (the "**Bank**") in the amount of up to \$88.6 million that are scheduled to expire on July 1, 2026 (the "**Credit Facilities**"). The Credit Facilities are comprised of a: (a) \$2.0 million committed operating facility issued to Royalties LP ("**Facility A**"); (b) \$53.3 million committed non-revolving credit facility issued to Royalties LP for the purpose of refinancing Royalties LP's previous credit facilities, to facilitate the Fund repurchasing and cancelling Units under normal course issuer bids or substantial issuer bids, to finance the cash component of any exchange of exchangeable units of BP Canada LP and to repay reimbursement charges owing by Royalties LP to BPI for performing administrative services to the Fund ("**Facility B**"); and (c) \$33.3 million committed non-revolving credit facility issued to Holdings LP for the purpose of subscribing for Class 1 LP Units of BP Canada LP ("**Facility D**"). The amount available under Facility B permanently reduces whenever Royalties LP repays principal on Facility B. The principal amounts drawn on Facility A, Facility B and Facility D are due and payable upon maturity.

The Credit Facilities bear interest at variable interest rates as selected by Holdings LP and Royalties LP. In the case of Canadian prime rate loans, the interest rate is equal to the Bank's prime rate plus between 0.00% and 0.65% (depending on the Fund's total funded net debt to EBITDA ratio) and, in the case of Canadian Overnight Repo Rate Average ("**CORRA**") loans, the interest rate is equal to: (i) CORRA; plus (ii) a credit spread adjustment ("**CSA**") of either 0.29547% or 0.32138% depending upon whether the CORRA loan has a one-month or three-month interest period; plus (iii) between 1.25% and 1.85% (depending on the Fund's total funded net debt to EBITDA ratio).

Security and Covenants

The Credit Facilities are secured by a first charge on the assets of Holdings LP and Royalties LP. The Credit Facilities are guaranteed by the Fund and all of its subsidiaries, each of whom granted security over all its assets in favour of the Bank in support of such guarantees. Neither BPI nor any of its subsidiaries has guaranteed or provided any security in respect of the Credit Facilities.

The principal financial covenants of the Credit Facilities are that: (a) the Fund and its subsidiaries (including Holdings LP and Royalties LP), taken as a whole, shall maintain a total funded net debt to EBITDA ratio of not greater than 2.50:1 upon closing and until December 30, 2024 and not greater than 2.25:1 thereafter (tested quarterly); and (b) the total amount of certain permitted distributions of the Fund (including distributions to Unitholders) must not exceed the sum of the Fund's Distributable Cash (as Distributable Cash is defined in the First Amended and Restated Credit Agreement dated January 24, 2020) and cash on hand by greater than \$2.0 million (tested quarterly on a trailing 12-month basis). In addition, the agreements governing the Credit Facilities contain certain covenants and restrictions, including the requirement to meet the financial ratios described above. A failure of the Fund or its subsidiaries to comply with these covenants and restrictions could entitle the Bank to demand repayment of the outstanding balance drawn on the Credit Facilities prior to maturity. Royalties LP and Holdings LP were in compliance with all of their financial covenants and financial condition tests as at the end of the Period. Full particulars of the Credit Facilities, including applicable interest rates, security, guarantees and other terms and conditions are contained within: (i) the First Amended and Restated Credit Agreement dated January 24, 2020; (ii) the First Supplemental Credit Agreement dated June 22, 2020; (iii) the Second Supplemental Credit Agreement dated June 28, 2022; and (iv) the Third Supplemental Credit Agreement dated June 14, 2024 (which are the agreements that govern the Credit Facilities), each of which is available on the Fund's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

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As of June 30, 2025, Adjusted Working Capital<sup>9</sup> of the Fund totaled \$9.8 million compared to \$10.6 million on June 30, 2024. The Fund has no requirement to maintain a certain amount of working capital. As of June 30, 2025, no amounts were drawn on Facility A, \$53.3 million was drawn on Facility B and \$33.3 million was drawn on Facility D.

The following table provides a summary of the Fund’s contractual obligations and commitments (including expected interest payments) as at June 30, 2025:

(in thousands of dollars)	< 1 year	1 - 5 years	Total	Book Value
Accounts payable and accrued liabilities	623	–	623	623
Current income tax payable	35	–	35	35
Credit Facilities and Swaps <sup>1</sup>	3,656	86,648	90,304	87,069
	4,314	86,648	90,962	87,727

Note:

- 1) The Credit Facilities and Swaps include expected interest payments based on the Fund’s blended rate of 3.77% to the scheduled maturity date of the Credit Facilities of July 1, 2026 and excludes deferred financing costs of \$0.1 million.

**Interest Rate Swaps**

Royalties LP and Holdings LP, as applicable, previously entered into the following interest rate swaps under their respective International Swap Dealers Association Master Agreements with the Bank (the “Swaps”):

- (a) Royalties LP entered into a swap to fix the interest rate at 2.28% plus between 1.25% and 1.85% per annum (depending upon debt to EBITDA ratios) for a term ending on February 1, 2027 for \$15.0 million of the \$53.3 million drawn on Facility B;
- (b) Royalties LP entered into a swap to fix the interest rate at 3.48% plus between 1.25% and 1.85% per annum (depending upon debt to EBITDA ratios) for a term ending on January 4, 2028 for \$15.0 million of the \$53.3 million drawn on Facility B;
- (c) Royalties LP entered into a swap to fix the interest rate at 3.48% plus the applicable CSA plus between 1.25% and 1.85% per annum (depending upon debt to EBITDA ratios) for a term ending on July 3, 2029 for \$15.0 million of the \$53.3 million drawn on Facility B;
- (d) Holdings LP entered into a swap to fix the interest rate at 1.02% plus between 1.25% and 1.85% per annum (depending upon debt to EBITDA ratios) for a term ending on August 14, 2025 for \$17.0 million of the \$33.3 million drawn on Facility D; and
- (e) Holdings LP entered into a swap to fix the interest rate at 1.09% plus between 1.25% and 1.85% per annum (depending upon debt to EBITDA ratios) for a term ending on March 1, 2026 for \$15.0 million of the \$33.3 million drawn on Facility D.

As of June 30, 2025, \$8.3 million drawn on Facility B and \$1.3 million drawn on Facility D bore interest at variable interest rates applicable to the Credit Facilities discussed above. The effective interest rate for all amounts borrowed by the Fund was 3.77% at June 30, 2025 (June 30, 2024 – 3.97%).

<sup>9</sup> Adjusted Working Capital does not include the current portion of Class B Unit liability as this will be settled with equity rather than cash. Adjusted Working Capital is a supplementary financial measure under NI 52-112 and therefore may not be comparable to similar measures presented by other issuers. “Adjusted Working Capital” is defined as the Fund’s current assets less current liabilities excluding the current portion of the Class B unit liability. The Fund believes this metric provides Unitholders useful information as Adjusted Working Capital represents the Fund’s working capital amounts expected to be settled for actual cash within the next twelve months.

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The Fund uses the Swaps to mitigate its exposure to interest rate risk related to the Credit Facilities. The Fund accounts for the Swaps as derivative instruments in accordance with IFRS. The fair market value of the Swaps is determined using valuation techniques at each reporting date and any change in the fair value of the Swaps is included in the Fund’s comprehensive income or loss. The Fund’s usage of the Swaps has the risk of imposing higher interest rates on the Fund due to interest rate fluctuation if the interest rates fixed by the Swaps are higher than the interest rates that would otherwise apply if the Swaps had not been used. Any risk exposure arising from the Swaps relating to counterparties defaulting on their obligations is minimized by dealing only with major financial institutions. The Fund recognized a \$0.1 million fair value gain on the Swaps for the Period in its consolidated statements of comprehensive income compared to a fair value loss of \$0.7 million in the second quarter of 2024. YTD, the Fund recorded a \$0.6 million fair value loss on the Swaps (year-to-date 2024 – \$0.5 million) in the consolidated statements of comprehensive income.

**Related Party Transactions**

BPI and BP Canada LP are considered to be related parties of the Fund by virtue of the common officers and directors of BPI and Royalties GP. The Fund’s related party balances owing at the end of the Period and transactions for the Period were as follows:

(in thousands of dollars)	June 30, 2025	June 30, 2024
Royalty receivable from BPI	\$ 3,611	\$ 3,475
Distributions receivable from BP Canada LP	1,128	1,087

  

(in thousands of dollars)	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Administrative services <sup>(1)</sup>	\$ 113	\$ 111	\$ 227	\$ 222
Royalty income	10,072	9,472	19,318	18,353
Distribution income	3,306	3,111	6,342	6,030
Interest expense on Class B unit liability	1,046	1,063	1,776	1,792

<sup>(1)</sup> The Fund has engaged Royalties LP, its administrator, to provide certain administrative services on behalf of the Fund (“**Administrative Services**”). In turn, certain of the Administrative Services are performed by BPI as a general partner of Royalties LP. Under the terms of the partnership agreement governing Royalties LP, BPI is entitled to be reimbursed for certain out-of-pocket expenses incurred in performing the Administrative Services. BPI and Royalties LP agreed to limit the annual amount of out-of-pocket expenses for which BPI is entitled to be reimbursed to not more than \$0.4 million for 2020, 2021 and 2022, after which time the amount will not increase by more than the percentage change in the Canadian Consumer Price Index (as calculated by Statistics Canada) in the calendar year prior thereafter. The Fund increased the reimbursement to BPI by a nominal amount in 2024, which was based on a 3.9% increase in the Canadian Consumer Price Index in 2023. The Fund further increased the reimbursement to BPI by a nominal amount in 2025, which was based on a 2.4% increase in the Canadian Consumer Price Index in 2024.

Other related party transactions and balances are referred to elsewhere in this MD&A.

**DISCLOSURE CONTROLS AND PROCEDURES  
AND INTERNAL CONTROLS OVER FINANCIAL REPORTING**

The President (“**President**”) and the Chief Financial Officer (“**CFO**”) of Royalties GP, managing general partner of Royalties LP, administrator of the Fund, have designed or caused to be designed under their supervision disclosure controls and procedures, as defined in National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*, to provide reasonable assurance that: (a) material information regarding the Fund is accumulated and communicated to the Fund’s administrator, Royalties LP, as well as the President and CFO in a timely manner, particularly during the period in which the annual and interim filings are being prepared; and (b) information required to be disclosed by the Fund in its annual filings, interim filings or other reports filed and submitted by it under applicable securities legislation is recorded, processed, summarized and reported within the prescribed time periods specified in securities legislation. In addition, the President and the CFO have designed or caused to be designed under their supervision internal controls over financial reporting, as defined in National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

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During the Period, there was no change in the Fund's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Fund's internal control over financial reporting. The Fund complies with the Committee of Sponsoring Organizations of the Treadway Commission Internal Control – Integrated Framework: 2013.

**CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of the Fund's unaudited condensed consolidated interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the use of management judgment and estimates relate to the determination of the following:

*Judgment – Consolidation*

Applying the criteria outlined in IFRS 10 – Consolidated Financial Statements, judgment is required in determining whether the Fund controls Royalties LP. Making this judgment involves taking into consideration the concepts of power over Royalties LP, exposure and rights to variable returns, and the ability to use power to direct the relevant activities of Royalties LP so as to generate economic returns. Using these criteria, management has determined that the Fund ultimately controls Royalties LP through its 80% ownership of the managing general partner, Royalties GP.

*Estimates - Intangible Assets – the BP Rights*

The Fund carries the BP Rights at historical cost comprising the amount of consideration paid for the BP Rights in 2002, as well as the value of additional Boston Pizza Restaurants added to the Royalty Pool to date. The value of additional Boston Pizza Restaurants added to the Royalty Pool is determined on a formula basis that is designed to estimate the present value of the cash flows that would ultimately be payable to the Fund as a result of the new Boston Pizza Restaurants being added to the Royalty Pool. The calculation is dependent on a number of different variables including the estimated sales of the new Boston Pizza Restaurants for the calendar year in which they are added to the Royalty Pool and the tax rate. The value assigned to the new Boston Pizza Restaurants, and as a result, the value assigned to the BP Rights, could differ from actual results.

The Fund considers both external and internal sources of information in assessing whether there are any indicators that the BP Rights are impaired. External sources of information the Fund considers include changes in the market, including the Fund's market capitalization relative to its net asset carrying amount, and the economic and legal environment in which the Fund operates, which are not within its control and are expected to affect the recoverable amount of the asset. Internal sources of information the Fund considers include the expected annual Franchise Sales of the Boston Pizza Restaurants discounted by the yield of Units. There were no indicators of impairment at June 30, 2025.

*Estimate – Class B Units, Class 1 LP Units and Class 2 LP Units Fair Value Adjustments*

The Fund must classify fair value measurements according to a hierarchy that reflects the significance of the inputs used in performing such measurements. The Fund's fair value hierarchy comprises the following levels:

- Level 1 – quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – pricing inputs are other than quoted in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – valuations in this level are those with inputs for the asset or liability that are not based on observable data.

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The fair values of the Class B Unit liability, Class 1 LP Units and Class 2 LP Units are all determined using Level 2 inputs and are measured on a recurring basis.

(i) Class B Units

The Fund records its Class B Unit liabilities at fair value, which may result in changes to the fair value adjustment on the Class B Unit liability line on the statements of financial position, the fair value gain (loss) on the Class B Unit liability line on the statements of comprehensive income (loss), and the corresponding non-cash adjustment line on the statements of cash flows. This requires that the Fund use a valuation technique to determine the value of the Class B Unit liability at each reporting date. The Fund estimates the fair value of the Class B Unit liability using a market approach by multiplying the number of Units BPI would be entitled to receive if it exchanged all Class B Units (including the Class B Holdback) held by BPI at the end of the Period by the closing price of the Units on the last business day of the Period. This valuation technique may not represent the actual value of the financial liability should such Class B Units be extinguished. Changes in the distribution rate on the Class B Units and the yield of the Fund's Units could materially impact the Fund's financial position and net income.

(ii) Class 1 Units and Class 2 LP Units

The Fund records the Class 1 LP Units and Class 2 LP Units held by Holdings LP at fair value, which may result in a fair value adjustment on the investment in BP Canada LP financial asset line on the statements of financial position, and fair value gain (loss) line on the statements of comprehensive income (loss), and a corresponding non-cash adjustment line on the statements of cash flows.

The Class 1 LP Units are entitled to distributions determined with respect to the interest cost payable on Facility D. The Fund estimates the fair value of the Class 1 LP Units using a market-corroborated input, being the interest rate applicable on Facility D. Consequently, the Fund estimated the fair value of Class 1 LP Units at carrying value adjusted for interest rate risk.

The fair value of the Class 2 LP Units is determined using a market approach, which involves using observable market prices for similar instruments. The Class 2 LP Units have similar cash distribution entitlements to the Class 2 GP Units, which are exchangeable into Units. Consequently, the Fund estimates the fair value of the Class 2 LP Units by multiplying the issued and outstanding number of Class 2 LP Units indirectly held by the Fund at the end of the applicable period by the closing price of the Units at the end of that period (or previous business day, if such day is not a business day).

These valuation techniques may not represent the actual value of the Class 1 LP Units and Class 2 LP Units should such units be sold. Changes in the distribution rates on the Class 1 LP Units and Class 2 LP Units and the yield of the Fund's Units could materially impact the Fund's financial position and net income.

**SHORT-TERM OUTLOOK**

The information contained in this "Short-Term Outlook" section is forward-looking information. Please see the "Note Regarding Forward-Looking Information" and "Risks & Risk Management" sections of this MD&A for a discussion of the risks and uncertainties in connection with forward-looking information.

The success of the Fund, BPI, BP Canada LP, and Boston Pizza Restaurants, including the amount of Franchise Sales, Royalty Income, Distribution Income, and Distributable Cash available for distribution to Unitholders, depends on both consumer demand and restaurant-level operations. Consumer demand is driven by consumer confidence and discretionary spending, both of which are influenced by macroeconomic factors such as inflation and interest rates, wage growth and unemployment levels, recession risks, competition within the restaurant industry, evolving consumer preferences, changes in taxation and major geopolitical developments, including tariffs. At the restaurant level, success is also impacted by supply chain disruptions, labor availability, rising input costs, and other operational challenges.

The heightened trade tensions between Canada and the United States of America, including the imposition of tariffs and counter-tariffs, have created uncertainty and concern for Canada's macroeconomic outlook. The

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effects of these heightened trade tensions and associated uncertainty have the potential to increase input costs and decrease availability of goods for Boston Pizza Restaurants, together with dampening consumer demand, confidence, and discretionary spending, and increasing unemployment rates. These dynamics can contribute to broader economic contractions or recessionary conditions that directly adversely affect the performance of consumer-facing industries like casual dining.

However, as noted above, Boston Pizza's supply chain is currently well positioned to weather the volatility caused by trade tensions and threats of tariffs and counter-tariffs as the overwhelming majority of raw materials purchased by Boston Pizza Restaurants in the day-to-day operation of their businesses are sourced within Canada and not subject to counter-tariffs. In addition, the trade tensions with the United States of America have resulted in Canadian consumers spending less on travel to the United States of America and more on supporting Canadian brands like Boston Pizza. Conversely, any degradation of consumer demand, confidence or discretionary spending, or increases in unemployment rates and recessionary fears may result in reduced guest visitation, average guest cheque amounts, Franchise Sales, Royalty Income, Distribution Income, the Fund's Distributable Cash available for distribution to Unitholders, and profitability of Boston Pizza Restaurants, all of which would increase the risk of Boston Pizza Restaurants closing.

Despite these obstacles, Boston Pizza Restaurants have consistently generated strong Franchise Sales by providing guests with appealing dining options that emphasize quality, value, and convenience, both on-premise and off-premise. BPI, BP Canada LP, and Boston Pizza Restaurants have demonstrated adaptability in navigating changing economic conditions and challenging operating environments. BPI's management remains proactive and committed to adjusting its business strategy to effectively address these challenges and sustain positive sales momentum in 2025.

The trustees of the Fund will continue to closely monitor the Fund's available cash balances and distribution levels to maintain a stable and sustainable return for the Unitholders.

**RISKS & RISK MANAGEMENT**

For information on risks and risk management related to the Fund and BPI, please refer to the Fund's Annual Information Form dated March 28, 2025, a copy of which is available on the Fund's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Fund's website at [www.bpincomefund.com](http://www.bpincomefund.com).

**ADDITIONAL INFORMATION**

Additional information relating to the Fund, Royalties LP, Royalties GP, BPCHP, the Trust, Holdings LP, Holdings GP, BPI and BP Canada LP, including the Fund's Annual Information Form dated March 28, 2025, is available on the Fund's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Fund's website at [www.bpincomefund.com](http://www.bpincomefund.com).

**NOTE REGARDING FINANCIAL INFORMATION OF BPI**

The Fund files BPI's financial statements and Management's Discussion and Analysis (collectively, the "**BPI Disclosures**") pursuant to an undertaking dated July 9, 2002 provided by BPI to the various securities commissions in Canada. BPI's senior management prepares the BPI Disclosures and provides them to the Fund for filing on its behalf. The Trustees do not oversee the preparation of the BPI Disclosures. The auditors of BPI report to the sole shareholder of BPI and not to Unitholders. The Fund does not own, control, or consolidate BPI and therefore, the Fund's disclosure controls and procedures and its internal controls over financial reporting do not encompass BPI or BPI's internal controls over financial reporting. The BPI Disclosures are the responsibility of BPI and its directors and officers and not the Fund and its Trustees and officers. The Fund provides no assurances as to its accuracy or completeness. The Fund disclaims any and all liability for the BPI Disclosures.

**NOTE REGARDING FORWARD-LOOKING INFORMATION**

Certain information in this MD&A 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 BPI, the Fund, the Trust, Royalties LP, Holdings LP, Holdings GP, Royalties GP, BPCHP, BP

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Canada LP, 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. When used in this MD&A, forward-looking information may include words such as "estimate", "may", "will", "expect", "believe", "plan", "should" and other similar terminology. This information reflects current expectations regarding future events and operating performance and speaks only as of the date of this MD&A.

Forward-looking information in this MD&A includes, but is not limited to, such things as:

- future distributions and dates that distributions are to be paid or payable;
- adjustments to Additional Entitlements that are to occur in the future and when such adjustments will occur;
- how changes in distributions will be implemented;
- how distributions will be funded;
- volatility in the market price of Units;
- maintenance of franchisee relationships;
- increased average cheque levels are achieved through a combination of menu mix changes and increases to menu prices;
- the extent to which menu price increases result in increased average guest cheque being dependent upon consumer reaction to the price increases;
- the success of BPI, BP Canada LP and Boston Pizza Restaurants, and the amount of Franchise Sales, Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders, being dependent upon many economic factors, including impacts of inflation, impacts of interest rates, rising input costs, decreased labour availability, changes in consumer demand, some of which impact guest visitation frequencies, guests' willingness to accept price increases, and major geopolitical developments;
- the effects of heightened trade tensions and associated uncertainty between Canada and the United States of America having the potential to increase input costs and decrease availability of goods for Boston Pizza Restaurants, together with dampening consumer demand, confidence, and discretionary spending, and increasing unemployment rates;
- broader economic contractions or recessionary conditions adversely affecting the performance of consumer-facing industries like casual dining;
- continued support for Canadian brands like Boston Pizza as a result of the trade tensions with the United States of America;
- any degradation of consumer demand, confidence or discretionary spending, or increases in unemployment rates and recessionary fears resulting in reduced guest visitation, average guest cheque amounts, Franchise Sales, Royalty Income, Distribution Income, the Fund's Distributable Cash available for distribution to Unitholders, and profitability of Boston Pizza Restaurants, and an increased risk of Boston Pizza Restaurants closing;
- BPI, BP Canada LP and Boston Pizza Restaurants having the ability to adapt to changes in operating environments and economic conditions;
- the future expansion of Boston Pizza Restaurants;
- the success of the Fund, BPI, BP Canada LP and Boston Pizza Restaurants, including the amount of Franchise Sales, Royalty Income, Distributions and cash available for distribution depending on both consumer demand and restaurant-level operations;
- consumer demand being driven by consumer confidence and discretionary spending, both of which are influenced by macroeconomic factors such as inflation and interest rates, wage growth and unemployment levels, recession risks, competition within the restaurant industry, evolving consumer preferences, changes in taxation and major geopolitical developments, including the imposition of tariffs;
- restaurant level success being impacted by supply chain disruptions, labor availability, rising input costs, and other operational challenges;
- BPI's management remaining proactive and committed to adjusting its business strategy to effectively address challenges and sustain positive sales momentum in 2025;
- the trustees of the Fund will continue to closely monitor the Fund's available cash balances and distribution levels to maintain a stable and sustainable return for the Unitholders;
- BPI and BP Canada LP's ability to implement strategies driving higher guest traffic and increased average cheque levels;

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- the Fund's expectation that future distributions will continue to be funded entirely by cash flows from operations;
- the Fund's current sources of liquidity being sufficient to cover its currently known short and long-term obligations;
- the Fund expecting that it will be able to refinance the Credit Facilities before July 1, 2026 on acceptable terms;
- the Fund being able to generate positive cash flow from operations and its pro forma debt to EBITDA ratio being at a foreseeably manageable level by industry standards;
- impact of seasonality and competition on Franchise Sales and Payout Ratio;
- the Fund continuing to qualify as a mutual fund trust for the purposes of the *Income Tax Act* (Canada);
- the tax treatment of its distributions declared per Unit; and
- estimated effective tax rate.

The forward-looking information disclosed herein is based on a number of assumptions including, among other things:

- the Fund maintaining the same distribution policy;
- absence of amendments to material contracts;
- no strategic changes of direction occurring;
- absence of changes in law;
- protection of BP Rights;
- pace of commercial real estate development;
- franchisees' access to financing;
- franchisees duly paying franchise fees and other amounts;
- no closures of Boston Pizza Restaurants that materially affect the amount of Royalty Income or Distribution Income paid by BPI and BP Canada LP, respectively, to the Fund;
- future results being similar to historical results;
- expectations related to future general economic conditions;
- management of BPI and BP Canada LP maintaining current strategies to drive higher guest traffic and higher average guest cheques;
- Boston Pizza Restaurants maintaining operational excellence;
- continuing surplus kitchen capacity at Boston Pizza Restaurants;
- Boston Pizza's ability to remain relevant and attractive to guests;
- continued support of Canadian brands like Boston Pizza;
- culinary innovation and menu re-pricing;
- continuing operations of key suppliers;
- availability of experienced management and hourly employees;
- the absence of significant supply chain interruptions;
- ability to source raw materials within Canada which are not subject to counter-tariffs;
- ability to respond to, address or mitigate fluctuating interest rates, increasing input costs, labour shortages and sustainability or climate-related issues including extreme weather events;
- ability to obtain qualified franchisees;
- ability to open sufficient New Restaurants to replace Franchise Sales of Closed Restaurants;
- ability to comply with disclosure obligations under franchise laws and regulations;
- ability to comply with various federal, provincial and local government laws and regulations;
- ability to obtain adequate insurance coverage;
- ability to enter into arrangements with suppliers and distributors to generate competitive pricing for franchisees and revenue for BP Canada LP; and
- no additional increases in SIFT Tax and sales tax rates.

This forward-looking information involves a number of risks, uncertainties and future expectations including, but not limited to:

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- competition;
- consumer spending habits;
- consumer demand in the retail sector;
- household debt;
- weather;
- climate change;
- pricing;
- changes in demographic trends;
- changes in consumer preferences and discretionary spending patterns;
- changes in national and local business and economic conditions;
- legislation and government regulation;
- cash distributions are not guaranteed;
- accounting policies and practices;
- economic uncertainty;
- the results of operations and financial conditions of BPI and the Fund;
- inflation;
- changes in interest rates;
- labour availability, cost and efficiency;
- food safety;
- legal and regulatory risks, including regulations governing food services and alcoholic beverages, laws concerning employees, sales tax regulations, regulations governing franchises, intellectual property;
- Boston Pizza Restaurant closures and openings;
- successful challenge of the BP Rights;
- availability and adequacy of insurance;
- indebtedness of BPI;
- indebtedness of Franchisees;
- increases in the rate of SIFT Tax;
- litigation against franchisees;
- inability to attract and retain key personnel, and dependence of such key personnel;
- cybersecurity, system failure and data breaches, and failure of information technology to remain current and satisfy future needs;
- environment, social and governance matters;
- franchisee relations;
- growth of Royalty Income and Distribution Income, franchisee performance and closing of Boston Pizza Restaurants;
- availability and quality of raw materials, supply chain, vendor dependency, and ethical and sustainable sourcing;
- global disruptions including geopolitical events, the imposition of trade tariffs and counter-tariffs, war or hostilities, terrorist or military activities, or natural disasters;
- disease outbreaks; and
- risks related to the structure of the Fund, including the dependence of the Fund on the Trust, Holdings LP, BPI and BP Canada LP, leverage risks, cash distributions not being guaranteed and fluctuating, income tax matters, internal control over financial reporting, investment eligibility, nature of Units, restrictions of certain Unitholders and liquidity of Units, unpredictability and volatility of Unit prices, the Fund may issue additional Units diluting existing Unitholders' interests, possible Unitholder liability, distribution of securities on redemption of Units or termination of the Fund.

The foregoing list of factors is not exhaustive and should be considered in conjunction with the Risks & Risk Management section out in this MD&A.

This MD&A discusses some of the factors that could cause actual results to differ materially from those expressed in or underlying such forward-looking information. Forward-looking information is provided as of the date hereof and, except as required by law, the Fund assumes no obligation to update or revise forward-looking information to reflect new events or circumstances.

Condensed Consolidated Interim Financial Statements of

**BOSTON PIZZA ROYALTIES INCOME FUND**

Three and six months ended June 30, 2025 and 2024  
(Unaudited)

**BOSTON PIZZA ROYALTIES INCOME FUND**  
**Condensed Consolidated Interim Statements of Financial Position**  
(Expressed in thousands of Canadian dollars)  
(Unaudited)

	June 30, 2025	December 31, 2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 5,314	\$ 4,573
Royalty receivable from Boston Pizza International Inc.	3,611	3,378
Distributions receivable from Boston Pizza Canada Limited Partnership	1,128	1,057
Prepaid expenses	265	123
Interest rate swaps <i>(note 5 and 7(iii))</i>	336	710
	10,654	9,841
Interest rate swaps <i>(note 5 and 7(iii))</i>	42	178
Investment in units of Boston Pizza Canada Limited Partnership <i>(note 3)</i>	141,065	128,681
Intangible assets – BP Rights <i>(note 4)</i>	284,188	284,188
<b>Total assets</b>	<b>\$ 435,949</b>	<b>\$ 422,888</b>
<b>Liabilities and Unitholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 623	\$ 668
Distributions payable to Fund unitholders	-	2,447
Interest payable on Class B Units	-	357
Interest rate swaps <i>(note 5 and 7(iii))</i>	242	181
Current income tax payable	35	3
Class B unit liability <i>(note 6)</i>	11,893	10,526
	12,793	14,182
Interest rate swaps <i>(note 5 and 7(iii))</i>	568	530
Credit Facilities <i>(note 5)</i>	86,569	86,535
Deferred income taxes	11,250	9,453
Class B unit liability <i>(note 6)</i>	36,116	31,965
<b>Total liabilities</b>	<b>147,296</b>	<b>142,665</b>
<b>Unitholders' equity</b>		
Fund units <i>(note 8)</i>	321,044	321,044
Accumulated deficit <i>(note 9)</i>	(32,391)	(40,821)
	288,653	280,223
<b>Total liabilities and unitholders' equity</b>	<b>\$ 435,949</b>	<b>\$ 422,888</b>

Subsequent event *(note 11)*

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**BOSTON PIZZA ROYALTIES INCOME FUND**  
**Condensed Consolidated Interim Statements of Comprehensive Income**  
**For the three and six months ended June 30, 2025 and 2024**  
(Expressed in thousands of Canadian dollars, except per Fund unit data)  
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
<b>Revenue</b>				
Royalty income <i>(note 10)</i>	\$ 10,072	\$ 9,472	\$ 19,318	\$ 18,353
Distribution income <i>(notes 3 and 10)</i>	3,306	3,111	6,342	6,030
Total revenue	13,378	12,583	25,660	24,383
Administration charge from Boston Pizza International Inc.	113	111	227	222
Professional fees	85	122	183	249
Other administrative expenses	148	180	285	307
Trustee fees and expenses	66	84	126	155
Total administrative expenses	412	497	821	933
<b>Earnings before interest and fair value (gain) loss on financial instruments</b>				
	12,966	12,086	24,839	23,450
Interest expense on debt and financing fees	833	932	1,667	1,760
Interest expense on Class B unit liability	1,046	1,063	1,776	1,792
Interest income	(37)	(69)	(84)	(135)
Net interest expense	1,842	1,926	3,359	3,417
<b>Profit before fair value (gain) loss and income taxes</b>				
	11,124	10,160	21,480	20,033
Fair value gain on investment in Boston Pizza Canada Limited Partnership <i>(notes 3 and 7(ii))</i>	(14,294)	(1,473)	(12,384)	(3,601)
Fair value loss on Class B unit liability <i>(notes 6 and 7(iv))</i>	6,369	656	5,518	1,604
Fair value (gain) loss on interest rate swaps <i>(notes 5 and 7(iii))</i>	(94)	672	609	484
Total fair value gain	(8,019)	(145)	(6,257)	(1,513)
<b>Earnings before income taxes</b>				
	19,143	10,305	27,737	21,546
Current income tax expense	2,769	2,521	5,275	4,886
Deferred income tax expense	2,056	320	1,797	729
Total tax expense	4,825	2,841	7,072	5,615
<b>Net and comprehensive income for the period</b>				
	\$ 14,318	\$ 7,464	\$ 20,665	\$ 15,931
<b>Net earnings per Fund unit</b>				
Basic	\$ 0.67	\$ 0.35	\$ 0.97	\$ 0.75
Diluted	\$ 0.67	\$ 0.33	\$ 0.97	\$ 0.74
Weighted average Fund units outstanding	21,278,563	21,278,563	21,278,563	21,278,563
Weighted average fully diluted Fund units outstanding	24,540,740	24,540,740	24,540,740	24,540,740

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**BOSTON PIZZA ROYALTIES INCOME FUND**  
**Condensed Consolidated Interim Statements of Changes in Unitholders' Equity**  
(Expressed in thousands of Canadian dollars)  
(Unaudited)

	Fund units	Accumulated deficit	Total unitholders' equity
<b>Balance – December 31, 2024</b>	\$ 321,044	\$ (40,821)	\$ 280,223
Net and comprehensive income for the period	-	20,665	20,665
Distributions declared ( <i>note 8(b)</i> )	-	(12,235)	(12,235)
<b>Balance – June 30, 2025</b>	\$ 321,044	\$ (32,391)	\$ 288,653
<b>Balance – December 31, 2023</b>	\$ 321,044	\$ (42,158)	\$ 278,886
Net and comprehensive income for the period	-	15,931	15,931
Distributions declared ( <i>note 8(b)</i> )	-	(12,022)	(12,022)
<b>Balance – June 30, 2024</b>	\$ 321,044	\$ (38,249)	\$ 282,795

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**BOSTON PIZZA ROYALTIES INCOME FUND**  
**Condensed Consolidated Interim Statements of Cash Flows**  
**For the three and six months ended June 30, 2025 and 2024**  
(Expressed in thousands of Canadian dollars)  
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
<b>Operating activities</b>				
Net and comprehensive income for the period	\$ 14,318	\$ 7,464	\$ 20,665	\$ 15,931
Adjustments for:				
Fair value gain on investment in Boston Pizza Canada Limited Partnership	(14,294)	(1,473)	(12,384)	(3,601)
Fair value loss on Class B unit liability	6,369	656	5,518	1,604
Fair value (gain) loss on interest rate swaps	(94)	672	609	484
Deferred income tax expense	2,056	320	1,797	729
Current income tax expense	2,769	2,521	5,275	4,886
Interest expense on debt and financing fees	833	932	1,667	1,760
Interest expense on Class B unit liability	1,046	1,063	1,776	1,792
Interest income	(37)	(69)	(84)	(135)
Changes in non-cash working capital	(294)	(172)	(476)	(40)
Current income tax paid	(2,770)	(2,370)	(5,243)	(4,832)
Interest received	37	69	84	135
<b>Net cash generated from operating activities</b>	<b>9,939</b>	<b>9,613</b>	<b>19,204</b>	<b>18,713</b>
<b>Financing activities</b>				
Distributions paid to Fund unitholders	(7,341)	(7,213)	(14,682)	(14,299)
Interest paid on Class B unit liability	(1,046)	(1,063)	(2,133)	(2,115)
Interest paid on debt	(818)	(871)	(1,648)	(1,679)
Payment of deferred financing fees	-	(16)	-	(16)
<b>Net cash used in financing activities</b>	<b>(9,205)</b>	<b>(9,163)</b>	<b>(18,463)</b>	<b>(18,109)</b>
<b>Increase in cash and cash equivalents</b>	<b>734</b>	<b>450</b>	<b>741</b>	<b>604</b>
<b>Cash and cash equivalents – beginning of period</b>	<b>4,580</b>	<b>4,743</b>	<b>4,573</b>	<b>4,589</b>
<b>Cash and cash equivalents – end of period</b>	<b>\$ 5,314</b>	<b>\$ 5,193</b>	<b>\$ 5,314</b>	<b>\$ 5,193</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**BOSTON PIZZA ROYALTIES INCOME FUND**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three and six months ended June 30, 2025 and 2024**  
(Tabular amounts in thousands of Canadian dollars, except unit data)  
(Unaudited)

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**1. Organization and nature of operations**

These condensed consolidated interim financial statements include the accounts of Boston Pizza Royalties Income Fund, its wholly-owned subsidiaries Boston Pizza Holdings Trust (the “**Trust**”), Boston Pizza Holdings GP Inc. and Boston Pizza Holdings Limited Partnership (“**Holdings LP**”), its 80%-owned subsidiary Boston Pizza GP Inc. (“**BPGP**”) and its interest in Boston Pizza Royalties Limited Partnership (“**Royalties LP**”), (collectively the “**Fund**”). BPGP is the managing general partner of Royalties LP. The 20% residual ownership of BPGP is owned by Boston Pizza International Inc. (Boston Pizza International Inc. together with Boston Pizza Canada Limited Partnership (“**BP Canada LP**”) and its wholly-owned subsidiaries, “**BPI**”) directly or indirectly. BPI is a general partner of Royalties LP.

The Fund was established to indirectly, through Royalties LP, acquire the trademarks and trade names owned by BPI including “Boston Pizza” and other similar related items, logos and designs (collectively, the “**BP Rights**”) used in connection with the operation of Boston Pizza restaurants in Canada (“**Boston Pizza Restaurants**”). The BP Rights do not include the rights outside of Canada to any trademarks or trade names used by BPI or any affiliated entities in its business, and in particular do not include the rights outside of Canada to the trademarks registered or pending registration under the *Trademarks Act* (Canada).

**2. Basis of presentation and material accounting policies**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (“**IASB**”). These statements represent a “condensed set of financial statements” and accordingly do not include all of the information required for annual financial statements. Certain disclosures included in the Annual Financial Statements prepared in accordance with IFRS Accounting Standards (“**IFRS**”) as issued by the IASB have been condensed or omitted. Accordingly, these statements should be read in conjunction with the Fund’s most recent annual financial statements as at and for the year ended December 31, 2024.

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2024.

These condensed consolidated interim financial statements were approved by the Trustees of the Fund on August 13, 2025.

**BOSTON PIZZA ROYALTIES INCOME FUND**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three and six months ended June 30, 2025 and 2024**  
(Tabular amounts in thousands of Canadian dollars, except unit data)  
(Unaudited)

**3. Investment in Units of Boston Pizza Canada Limited Partnership**

*Limited partnership units*

The investment in BP Canada LP is comprised of Class 1 limited partnership units (“**Class 1 LP Units**”) and Class 2 limited partnership units (“**Class 2 LP Units**”). The Class 1 LP and Class 2 LP Units are held indirectly by the Fund and entitle the Fund to a cash distribution equal to 1.5% of franchise sales of Boston Pizza Restaurants in the Fund’s royalty pool (the “**Royalty Pool**”), less the pro rata portion payable to BPI in respect of its retained interest in the Fund.

	Issued and outstanding LP Units		Investment in BP Canada LP
<b>Class 1 LP Units</b>			
Class 1 LP Units at December 31, 2024 and June 30, 2025	1,000	\$	33,314
<b>Class 2 LP Units</b>			
Class 2 LP Units	5,455,762	\$	114,113
Fair value loss on Class 2 LP Units - cumulative			(18,746)
Class 2 LP Units Balance at December 31, 2024	5,455,762	\$	95,367
Fair value gain on Class 2 LP Units ( <i>note 7(iii)</i> )			12,384
Class 2 LP Units Balance at June 30, 2025	5,455,762	\$	107,751
Total LP Units Balance at June 30, 2025		\$	141,065

*General partnership units*

BPI receives its proportionate share of the 1.5% of franchise sales of Boston Pizza Restaurants in the Royalty Pool through distributions on Class 2 general partnership units (“**Class 2 GP Units**”) of BP Canada LP that are exchangeable for Fund units. BPI continues to pay the Fund the balance of the Fund’s interest in franchise sales of Royalty Pool restaurants (“**Franchise Sales Participation**”) in the form of royalty fees.

BPI also has the right to further increase the Fund’s Franchise Sales Participation by up to an additional 1.5% of franchise sales of Royalty Pool restaurants (in 0.5% increments) upon meeting certain financial thresholds designed to ensure that the additional Franchise Sales Participation is accretive to the Fund and that BPI retains the financial capacity to satisfy its obligations to the Fund. BPI has the right to receive Fund units when it exercises its rights to exchange its Class 2 GP Units into Fund units.

**BOSTON PIZZA ROYALTIES INCOME FUND**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
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**3. Investment in Units of Boston Pizza Canada Limited Partnership (continued)**

	Issued and outstanding Class 2 GP additional entitlements	Issued and outstanding Class 2 GP additional entitlements including Class 2 GP holdback
Balance at December 31, 2024	831,354	831,354
Class 2 GP additional entitlements granted on January 1, 2025 <sup>(1)</sup>	-	-
<b>Balance at June 30, 2025</b>	<b>831,354</b>	<b>831,354</b>

<sup>(1)</sup> On January 1, 2025, the four new Boston Pizza Restaurants that opened across Canada between January 1, 2024 and December 31, 2024 were added to the Royalty Pool and the four restaurants that permanently closed during 2024 were removed. The estimated net Franchise Sales from the four new Boston Pizza Restaurants less the four Boston Pizza Restaurants that permanently closed is negative \$4.0 million. This resulted in negative estimated royalty and distribution income to the Fund of \$0.2 million (the "Deficiency"). As a result of the Deficiency, BPI did not receive any Class 2 GP additional entitlements on January 1, 2025. However, BPI did not lose any of the additional entitlements it received in the previous years. Instead, BPI will be required to make-up the cumulative Deficiency for 2020 through 2024 (total of \$2.2 million) on future adjustment dates by first adding royalty and distribution income in an amount equal to the Deficiency before receiving any further Class 2 GP additional entitlements.

**4. Intangible assets – BP Rights**

Royalties LP and BPI entered into the License and Royalty Agreement to allow BPI the use of the BP Rights for a term of 99 years beginning in July 2002, for which BPI pays the royalty. Since the trademarks may remain in force indefinitely, the BP Rights have an indefinite life, are recognized at cost and are not amortized but are tested for indicators of impairment at each reporting date and tested for impairment annually on December 31. On June 30, 2025, it was determined that there were no indicators of impairment.

Balance – December 31, 2024	\$	284,188
Adjustment to Class B additional entitlements <sup>(1)</sup>		-
<b>Balance – June 30, 2025</b>	<b>\$</b>	<b>284,188</b>

<sup>(1)</sup> No Class B additional entitlements were issued to BPI since a Deficiency existed in respect of the January 1, 2025 adjustment date (see note 6).

**BOSTON PIZZA ROYALTIES INCOME FUND**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three and six months ended June 30, 2025 and 2024**  
(Tabular amounts in thousands of Canadian dollars, except unit data)  
(Unaudited)

**5. Credit facilities**

The following table summarizes the Fund's debt and its fixed and variable rate swap terms as of June 30, 2025 under Facility B and Facility D (both defined below).

	June 30, 2025	December 31, 2024
<b>Credit facility managed by interest rate swaps:</b>		
Facility D bearing interest at 1.02% plus between 1.25% and 1.85% per annum, with a swap maturity date of August 14, 2025	\$ 17,000	\$ 17,000
Facility D bearing interest at 1.09% plus between 1.25% and 1.85% per annum, with a swap maturity date of March 1, 2026	15,000	15,000
Facility B bearing interest at 2.28% plus between 1.25% and 1.85% per annum, with a swap maturity date of February 1, 2027	15,000	15,000
Facility B bearing interest at 3.48% plus between 1.25% and 1.85% per annum, with a swap maturity date of January 4, 2028	15,000	15,000
Facility B bearing interest at 3.48% plus the applicable CSA plus between 1.25% and 1.85% per annum, with a swap maturity date of July 3, 2029	15,000	15,000
<b>Credit facility at variable interest rates:</b>		
Facility B bearing interest at short-term CORRA plus the applicable CSA plus between 1.25% and 1.85% per annum	8,323	8,323
Facility D bearing interest at short-term CORRA plus the applicable CSA plus between 1.25% and 1.85% per annum	1,314	1,314
<b>Deferred financing fees</b>	(68)	(102)
	<b>\$ 86,569</b>	<b>\$ 86,535</b>

Holdings LP and Royalties LP have credit facilities with a Canadian chartered bank (the "**Bank**") in the amount of up to \$88.6 million expiring on July 1, 2026 (the "**Credit Facilities**"). The Credit Facilities are comprised of:

- (i) a \$2.0 million committed operating facility issued to Royalties LP ("**Facility A**");
- (ii) a \$53.3 million committed non-revolving credit facility issued to Royalties LP for the purpose of refinancing Royalties LP's previous credit facilities, to facilitate the Fund repurchasing and canceling Fund Units under normal course issuer bids or substantial issuer bids, to finance the cash component of any exchange of general partner units of BP Canada LP and to repay reimbursement charges owing by Royalties LP to BPI for performing administrative services to the Fund ("**Facility B**");
- (iii) a \$33.3 million committed non-revolving credit facility issued to Holdings LP for the purpose of subscribing for Class 1 LP Units ("**Facility D**").

The Credit Facilities bear interest at variable interest rates as selected by Holdings LP and Royalties LP. In the case of Canadian prime rate loans, the interest rate is equal to the Bank's prime rate plus between 0.00% and 0.65% (depending on the Fund's total funded net debt to EBITDA ratio) and, in the case of Canadian Overnight Repo Rate Average ("**CORRA**") loans, the interest rate is equal to: (i) CORRA; plus (ii) a credit spread adjustment ("**CSA**") of either 0.29547% or 0.32138% depending upon

**BOSTON PIZZA ROYALTIES INCOME FUND**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three and six months ended June 30, 2025 and 2024**  
(Tabular amounts in thousands of Canadian dollars, except unit data)  
(Unaudited)

**5. Credit facilities (continued)**

whether the CORRA loan has a one-month or three-month interest period; plus (iii) between 1.25% and 1.85% (depending on the Fund's total funded net debt to EBITDA ratio).

The Credit Facilities are secured by a first charge on the assets of Holdings LP and Royalties LP. The Credit Facilities are guaranteed by the Fund, the Trust, Boston Pizza Holdings GP Inc., Holdings LP, Royalties LP and BPGP, each of whom granted security over all its assets in favour of the Bank in support of such guarantees. Neither BPI nor any of its subsidiaries has guaranteed or provided any security in respect of the Credit Facilities.

The principal amounts drawn on Facility A, Facility B and Facility D are due and payable upon expiry. As of June 30, 2025, no amount was drawn on Facility A, \$53.3 million was drawn on Facility B and \$33.3 million was drawn on Facility D. Royalties LP and Holdings LP were in compliance with all of their financial covenants and financial condition tests as of June 30, 2025.

**6. Royalties LP unit liabilities**

Royalties LP unit liabilities relate to the Class B general partner units of Royalties LP ("**Class B Units**") held by BPI and Class B additional entitlements units which provide BPI the right to acquire additional units that BPI receives in return for adding net additional royalty to the Royalty Pool.

The following chart summarizes the Class B additional entitlements and Class B unit liability:

	Issued and outstanding additional entitlements	Issued and outstanding additional entitlements including holdback	Class B unit liability
Balance at December 31, 2024	2,430,823	2,430,823	\$ 42,491
Class B additional entitlements granted January 1, 2025 <sup>(1)</sup>	-	-	-
Fair value loss on Class B unit liability <i>(note 7 (iv))</i>	-	-	5,518
Balance at June 30, 2025	2,430,823	2,430,823	\$ 48,009
Current portion of Class B unit liability <sup>(2)</sup>			11,893
Non-current portion of Class B unit liability <sup>(2)</sup>			\$ 36,116

<sup>(1)</sup> As a result of the Deficiency for 2024, BPI did not receive any Class B additional entitlements on January 1, 2025. BPI will be required to make-up the cumulative Deficiency for 2020 through 2024 (total of \$2.2 million) on future adjustment dates by first adding royalty and distribution income in an amount equal to the Deficiency before receiving any further Class B additional entitlements.

<sup>(2)</sup> Under the exchange agreement that governs the exchange of the Class 2 GP Units into Fund units, BPI is not permitted to take any active steps to reduce its interest in the Fund to below 10%. In order to meet this requirement, BPI must hold at least that number of Class B Units and Class 2 GP Units that represent not less than a 10% retained interest in the Fund (measured on the basis of its rights to receive distributions on the Class B Units and Class 2 GP Units). The Fund has split the Class B Units liability to classify as current that portion of the liability that the Fund would settle if BPI exchanged the Class B Units that it is permitted to exchange at period end while maintaining a minimum 10% retained interest in the Fund.

**BOSTON PIZZA ROYALTIES INCOME FUND**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three and six months ended June 30, 2025 and 2024**  
(Tabular amounts in thousands of Canadian dollars, except unit data)  
(Unaudited)

**7. Financial instruments**

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in profit and loss or other comprehensive income in the consolidated statement of comprehensive income. Those categories are: amortized cost, fair value through profit or loss and fair value through comprehensive income.

Estimated fair values for financial instruments are designed to approximate amounts for which the instruments could be exchanged in a current arm's-length transaction between knowledgeable, willing parties. During the three and six months ended June 30, 2025, there were no transfers between Level 1 and Level 2 for financial instruments measured at fair value through profit and loss.

The following table shows the carrying values of assets and liabilities for each of these categories at June 30, 2025 and December 31, 2024. Unless otherwise noted, the fair values on the instruments approximate their carrying amount.

			June 30, 2025	December 31, 2024
<b>Fair value through profit and loss</b>				
Class 1 LP Units of BP Canada LP <sup>(i)</sup>	Level 2	\$	33,314	\$ 33,314
Class 2 LP Units of BP Canada LP <sup>(ii)</sup>	Level 2	\$	107,751	\$ 95,367
Interest rate swaps <sup>(iii)</sup>	Level 2	\$	(432)	\$ 177
Class B unit liability <sup>(iv)</sup>	Level 2	\$	(48,009)	\$ (42,491)
<b>Amortized cost</b>				
Cash and cash equivalents		\$	5,314	\$ 4,573
Royalty receivable from BPI		\$	3,611	\$ 3,378
Distributions receivable from BP Canada LP		\$	1,128	\$ 1,057
Accounts payable and accrued liabilities		\$	(623)	\$ (668)
Distributions payable to Fund unitholders		\$	-	\$ (2,447)
Interest payable on Class B Units		\$	-	\$ (357)
Credit Facilities <sup>(iii)</sup>		\$	(86,569)	\$ (86,535)

(i) The Class 1 LP Units are entitled to distributions determined with respect to the interest cost incurred on Facility D (note 5). The fair value of the Class 1 LP Units is estimated using a market-corroborated input (interest rate on the credit facility).

(ii) The Class 2 LP Units have similar cash distribution entitlements and provisions to the Class 2 GP Units held by BPI, which are exchangeable for Fund units. The fair value of the Class 2 LP Units is determined by multiplying the issued and outstanding Class 2 LP Units indirectly held by the Fund at the end of the period by the closing price of a Fund unit on the last business day of the period. As at June 30, 2025, the closing price of a Fund unit was \$19.75 (March 31, 2025 - \$17.13, December 31, 2024 - \$17.48) while the number of issued and outstanding Class 2 LP Units indirectly held by the Fund was 5,455,762 (March 31, 2025 and December 31, 2024 - 5,455,762)

**BOSTON PIZZA ROYALTIES INCOME FUND**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three and six months ended June 30, 2025 and 2024**  
(Tabular amounts in thousands of Canadian dollars, except unit data)  
(Unaudited)

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**7. Financial instruments (continued)**

resulting in a Class 2 LP Units fair value of \$107.8 million (March 31, 2025 - \$93.5 million, December 31, 2024 - \$95.4 million). The fair value gain of the investment in BP Canada LP for the three months ended June 30, 2025 was \$14.3 million (June 30, 2024 - \$1.5 million). The fair value gain on the investment in BP Canada LP for the six months ended June 30, 2025 was \$12.4 million (June 30, 2024 – \$3.6 million).

- (iii) The Credit Facilities are carried at amortized cost. Royalties LP and Holdings LP use interest rate swaps to manage risks from fluctuations in interest rates on \$77.0 million (December 31, 2024 – \$77.0 million) of this balance. The Fund recorded financial derivative assets and liabilities with a combined net liability value of \$0.4 million based on the fair value of the interest rate swaps at June 30, 2025 (March 31, 2025 - \$0.5 million, December 31, 2024 – net asset of \$0.2 million) in accordance with accounting for derivatives under IFRS. Any changes in the fair value of the interest rate swaps are recorded in the condensed consolidated interim statement of comprehensive income in the period in which they arise. The fair value gain of the interest rate swaps for the three months ended June 30, 2025 was \$0.1 million (June 30, 2024 - \$0.7 million loss). The fair value loss on the interest rate swaps for the six months ended June 30, 2025 was \$0.6 million (June 30, 2024 – \$0.5 million). Without factoring in the interest rate swaps, the fair value of the \$77.0 million of the Credit Facilities approximates its carrying amount since the debt has interest rates at terms that the Fund believes are reflective of currently available terms. The fair value of the remaining Credit Facilities' balance, before deferred financing fees, is \$9.6 million (December 31, 2024 – \$9.6 million) since the debt has variable interest rates at terms that the Fund believes are reflective of currently available terms. The Credit Facilities are presented net of deferred financing fees which were \$0.1 million at June 30, 2025 (December 31, 2024 – \$0.1 million).
- (iv) The Class B Units are exchangeable for Fund units and therefore, the fair value of the Class B Units is estimated to be equivalent to the number of Fund units into which the Class B Units are exchangeable. The Fund estimates the fair value of the Class B units liability by multiplying the issued and outstanding Class B additional entitlements (including Class B holdback) held by BPI at the end of the period by the closing price of the Fund units on the last business day of the period. As at June 30, 2025, the closing price of a Fund unit was \$19.75 (March 31, 2025 - \$17.13, December 31, 2024 - \$17.48) and issued and outstanding Class B additional entitlements (including Class B holdback) totaled 2,430,823 (March 31, 2025 and December 31, 2024 – 2,430,823) resulting in a valuation of the Class B unit liability fair value of \$48.0 million (March 31, 2025 - \$41.6 million, December 31, 2024 – \$42.5 million). For the three months ended June 30, 2025, the increase of \$6.4 million is comprised of fair value loss (June 30, 2024 - \$0.7 million). For the six months ended June 30, 2025, the increase of \$5.5 million is comprised of fair value loss (June 30, 2024 – \$1.6 million). This valuation technique may not represent the actual value of the financial liability should such Class B Units be exchanged.

**BOSTON PIZZA ROYALTIES INCOME FUND**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three and six months ended June 30, 2025 and 2024**  
(Tabular amounts in thousands of Canadian dollars, except unit data)  
(Unaudited)

**8. Fund units**

(a) Fund units outstanding:

	Number of Fund units	Fund units as equity
Balance at December 31, 2024 and June 30, 2025	21,278,563	\$ 321,044

As at June 30, 2025, the Class B Units held by BPI were exchangeable into 2,430,823 Fund units and the Class 2 GP Units held by BPI were exchangeable into 831,354 Fund units, for a total of 13.3% of the issued and outstanding Fund units on a fully diluted basis.

(b) Distributions declared and paid to Fund unitholders were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
<b>Distributions declared</b>				
Monthly distributions	\$ 7,341	\$ 7,213	\$ 12,235	\$ 12,022
Monthly distributions per Fund unit	\$ 0.35	\$ 0.34	\$ 0.58	\$ 0.57
<b>Distributions paid</b>				
Monthly distributions	\$ 7,341	\$ 7,213	\$ 14,682	\$ 14,299
Monthly distributions per Fund unit	\$ 0.35	\$ 0.34	\$ 0.69	\$ 0.67

**9. Accumulated deficit**

The Fund's accumulated deficit includes fair value adjustments and deferred income tax expense, which are non-cash items. Excluding the cumulative effect of fair value adjustments and deferred income tax expense, the Fund would have a surplus of \$17.7 million at June 30, 2025 (\$13.7 million at December 31, 2024).

**10. Operations**

(in thousands, except number of Restaurants in the Royalty Pool)	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Restaurants in the Royalty Pool	372	372	372	372
Franchise sales reported by restaurants in the Royalty Pool	\$ 251,812	\$ 236,792	\$ 482,954	\$ 458,824
Royalty income – 4% of Franchise Sales	10,072	9,472	19,318	18,353
Distribution income – 1.5% of Franchise Sales (less BPI's retained interest)	3,306	3,111	6,342	6,030

**11. Subsequent event**

On August 13, 2025, the Trustees of the Fund declared a distribution for July 2025 of \$0.120 per unit, which will be payable on August 29, 2025 to unitholders of record on August 21, 2025.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**BOSTON PIZZA INTERNATIONAL INC.**  
**For the three-month and six-month periods ended June 30, 2025**

**FINANCIAL HIGHLIGHTS**

The tables below set out selected information from the unaudited condensed consolidated interim financial statements of Boston Pizza International Inc. ("**BPI**", and where applicable also includes its wholly-owned subsidiaries), and the accounts of Boston Pizza Canada Limited Partnership ("**BP Canada LP**"), together with other data, and should be read in conjunction with the unaudited condensed consolidated interim financial statements of BPI for the three-month and six-month periods ended June 30, 2025 and June 30, 2024, and BPI's audited annual consolidated financial statements for the year-ended December 31, 2024. The financial information reported in the tables included in this Management's Discussion and Analysis ("**MD&A**") are reported in accordance with IFRS Accounting Standards ("**IFRS**") except as otherwise noted and are stated in Canadian dollars. Capitalized terms used in the tables and notes below are defined elsewhere in this MD&A.

<i>For the periods ended June 30</i>	Q2 2025	Q2 2024	YTD 2025	YTD 2024
<i>(in thousands of dollars - except number of restaurants, SRS, and per share items)</i>				
System-Wide Gross Sales <sup>1</sup>	316,133	298,611	607,394	577,611
Number of Boston Pizza Restaurants <sup>2</sup>	372	371	372	371
Franchise Sales reported by Boston Pizza Restaurants <sup>3</sup>	251,812	236,900	482,954	459,001
Same Restaurant Sales <sup>4</sup>	6.4%	1.7%	5.5%	0.4%
<b>Income Statement Data</b>				
Total revenues	32,314	31,032	61,399	58,777
Royalty expense	(10,072)	(9,472)	(19,318)	(18,353)
Distribution expense	(3,306)	(3,111)	(6,342)	(6,030)
Operating expenses excluding Royalty and Distribution expense	(16,721)	(19,108)	(32,791)	(32,919)
Earnings (loss) before interest and fair value loss	2,215	(659)	2,948	1,475
Net interest income	989	954	1,728	1,605
Fair value loss	(7,925)	(817)	(6,866)	(1,997)
(Loss) earnings before income taxes	(4,721)	(522)	(2,190)	1,083
Current and deferred income tax (expense) recovery	(2,526)	98	(2,736)	(844)
Net and comprehensive (loss) income	(7,247)	(424)	(4,926)	239
Basic and diluted (loss) income per share	(73.88)	(4.32)	(50.22)	2.44
<b>Balance Sheet Data</b>				
			Jun 30, 2025	Dec 31, 2024
Total assets			155,224	157,440
Total liabilities			401,932	394,222

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

- 1 "**System-Wide Gross Sales**" is a supplementary financial measure under National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure* ("**NI 52-112**") and therefore may not be comparable to similar measures presented by other issuers. 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, but excluding applicable sales and similar taxes. BPI believes that System-Wide Gross Sales provides useful information to investors regarding the overall performance of the Boston Pizza System.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**BOSTON PIZZA INTERNATIONAL INC.**  
**For the three-month and six-month periods ended June 30, 2025**

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- 2 Number of Boston Pizza Restaurants is reported as at the end of the applicable period.
- 3 **"Franchise Sales"** is a supplementary financial measure under NI 52-112 and therefore may not be comparable to similar measures presented by other issuers. Franchise 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), 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 the basis upon which franchisees of BP Canada LP pay royalty and contributions into the Advertising Fund to BP Canada LP. BPI believes that Franchise Sales provides useful information to investors regarding the performance of the Boston Pizza System with respect to sales upon which BP Canada LP earns royalty and contributions into the Advertising Fund.
- 4 **"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. BPI defines SRS as the change in Franchise Sales of Boston Pizza Restaurants as compared to the Franchise Sales for the same period in the previous year (where restaurants were open for a minimum of 24 months). BPI believes that SRS provides investors meaningful information regarding the performance of Boston Pizza Restaurants.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**BOSTON PIZZA INTERNATIONAL INC.**  
**For the three-month and six-month periods ended June 30, 2025**

**SUMMARY OF QUARTERLY RESULTS**

	Q2 2025	Q1 2025	Q4 2024	Q3 2024
(in thousands of dollars - except number of restaurants, SRS, and per share items)				
System-Wide Gross Sales	316,133	291,261	294,537	302,734
Number of Boston Pizza Restaurants	372	372	372	370
Franchise Sales reported by Boston Pizza Restaurants	251,812	231,142	234,850	238,964
Same Restaurant Sales	6.4%	4.4%	3.4%	(0.6%)
<u>Income Statement Data</u>				
Total revenues	32,314	29,085	31,278	29,690
Royalty expense	(10,072)	(9,246)	(9,369)	(9,544)
Distribution expense	(3,306)	(3,036)	(3,077)	(3,135)
Operating expenses excluding Royalty and Distribution expense	(16,721)	(16,070)	(14,239)	(13,881)
Earnings before interest and fair value (loss) gain	2,215	733	4,593	3,130
Net interest income	989	739	1,691	969
Fair value (loss) gain	(7,925)	1,059	212	(4,719)
(Loss) earnings before income taxes	(4,721)	2,531	6,496	(620)
Current and deferred income tax expense	(2,526)	(210)	(1,695)	(1,720)
Net and comprehensive (loss) income	(7,247)	2,321	4,801	(2,340)
Basic and diluted (loss) income per share	(73.88)	23.66	48.95	(23.86)

	Q2 2024	Q1 2024	Q4 2023	Q3 2023
(in thousands of dollars - except number of restaurants, SRS, and per share items)				
System-Wide Gross Sales	298,611	279,000	287,400	301,739
Number of Boston Pizza Restaurants	371	370	372	375
Franchise Sales reported by Boston Pizza Restaurants	236,900	222,101	227,739	240,139
Same Restaurant Sales	1.7%	(1.0%)	0.6%	5.3%
<u>Income Statement Data</u>				
Total revenues	31,032	27,745	31,381	32,262
Royalty expense	(9,472)	(8,881)	(9,106)	(9,606)
Distribution expense	(3,111)	(2,919)	(2,992)	(3,155)
Operating expenses excluding Royalty and Distribution expense	(19,108)	(13,811)	(17,475)	(16,139)
(Loss) earnings before interest and fair value (loss) gain	(659)	2,134	1,808	3,362
Net interest income	954	651	1,344	858
Fair value (loss) gain	(817)	(1,180)	(514)	4,356
(Loss) earnings before income taxes	(522)	1,605	2,638	8,576
Current and deferred income tax recovery (expense)	98	(942)	(866)	(1,074)
Net and comprehensive (loss) income	(424)	663	1,772	7,502
Basic and diluted (loss) income per share	(4.32)	6.76	18.07	76.48

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**BOSTON PIZZA INTERNATIONAL INC.**  
**For the three-month and six-month periods ended June 30, 2025**

**OVERVIEW**

This MD&A covers the three-month period from April 1, 2025 to June 30, 2025 (the "**Period**") and the six-month period from January 1, 2025 to June 30, 2025 ("**YTD**") and is dated August 13, 2025. It provides additional analysis of the operations, financial position and financial performance of BPI and should be read in conjunction with BPI's applicable condensed consolidated interim financial statements and the accompanying notes. The condensed consolidated interim financial statements of BPI are in Canadian dollars and have been prepared in accordance with IFRS except as otherwise noted.

**General**

BPI is a privately controlled company and prior to April 6, 2015, was the exclusive franchisor of the Boston Pizza (as defined below) concept in Canada. On April 6, 2015, BP Canada LP, a British Columbia limited partnership controlled and operated by BPI, became the exclusive franchisor of the Boston Pizza concept in Canada. On May 6, 2015, Boston Pizza Royalties Income Fund (the "**Fund**") completed an indirect investment in BP Canada LP to effectively increase the Fund's indirect interest in Franchise Sales of Boston Pizza Restaurants (as defined below) in the Royalty Pool (as defined below) by 1.5%, from 4.0% to 5.5% less the pro rata portion payable to BPI in respect of its retained interest in the Fund (the "**2015 Transaction**").

BPI and BP Canada LP compete in the casual dining sector of the restaurant industry and Boston Pizza is the number one casual dining brand in Canada. With hundreds of restaurants stretching from Victoria to St. John's, Boston Pizza has more restaurants and serves more customers annually than any other casual dining restaurant chain in Canada.

Royalty

BP Canada LP charges a 7.0% royalty fee on Franchise Sales for full-service Boston Pizza restaurants open in Canada (the "**Boston Pizza Restaurants**"). BPI pays Boston Pizza Royalties Limited Partnership ("**Royalties LP**"), an entity controlled by the Fund, a 4.0% royalty fee (the "**Royalty**") on Franchise Sales from the Boston Pizza Restaurants in the royalty pool (the "**Royalty Pool**") for the use of the Boston Pizza trademarks in Canada (the "**BP Rights**"<sup>5</sup>). As of June 30, 2025, there were 372 Boston Pizza Restaurants in the Royalty Pool, of which approximately 370 were operating and open for business to the public.<sup>6</sup>

Increases in Franchise Sales and the resulting royalty paid by Boston Pizza Restaurants to BPI are derived from both new Boston Pizza Restaurants and SRS. The two principal factors that affect SRS are changes in guest traffic and changes in average guest cheque. Increased average cheque levels are achieved through a combination of menu mix change and increases to menu prices. However, the extent to which menu price increases result in increased average guest cheque is dependent upon consumer reaction to the price increases. Boston Pizza's ability to increase SRS is dependent upon existing Boston Pizza Restaurants maintaining operational excellence, general market conditions, weather, menu pricing, and marketing programs undertaken by BPI and BP Canada LP. One of BPI's and BP Canada LP's competitive strengths in increasing Franchise Sales of existing restaurants is that the standard franchise agreement for Boston Pizza Restaurants requires that each Boston Pizza Restaurant undergoes a complete restaurant renovation every seven years and completes equipment upgrades as required by

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5 BP Rights are the Boston Pizza trademarks that, as at July 17, 2002, were registered or the subject of pending applications for registration under the *Trademarks Act* (Canada), other trademarks and trade names which are confusing with the registered or pending trademarks, and any subsequently registered or applied for trademarks using or incorporating Boston, Boston's, BP or the BP roundel. The BP Rights purchased do not include the rights outside of Canada to any trademarks or trade names used by BPI or any affiliated entities in its business, and in particular do not include the rights outside of Canada to the trademarks registered or pending registration under the *Trademarks Act* (Canada).

6 Boston Pizza Restaurants may temporarily or permanently close for a variety of reasons. The Royalty Pool is adjusted only once a year on January 1 to add new Boston Pizza Restaurants that opened and to remove Boston Pizza Restaurants that permanently closed. Accordingly, the number of Boston Pizza Restaurants in the Royalty Pool at any time may exceed the number of Boston Pizza Restaurants that are actively operating and open for business to the public. See "Overview - Addition of New Restaurants to Royalty Pool" below for more information regarding adjustments to the Royalty Pool.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**BOSTON PIZZA INTERNATIONAL INC.**  
**For the three-month and six-month periods ended June 30, 2025**

BP Canada LP. Restaurants typically close or partially close for two to three weeks to complete the renovation, which incorporates updated design elements that result in a refreshed and more appealing restaurant.

Franchise Sales are also affected by the permanent closures of Boston Pizza Restaurants. A Boston Pizza Restaurant is closed when it ceases to be viable or when the franchise agreement applicable to that Boston Pizza Restaurant has expired or been terminated.

Distributions from BP Canada LP

Boston Pizza Holdings Limited Partnership ("**Holdings LP**"), an entity controlled by the Fund, holds Class 1 limited partnership units ("**Class 1 LP Units**") and Class 2 limited partnership units ("**Class 2 LP Units**") of BP Canada LP, and BPI holds, indirectly through Boston Pizza Canada Holdings Partnership ("**BPCHP**"), Class 2 general partnership units of BP Canada LP ("**Class 2 GP Units**"), which are exchangeable for units of the Fund ("**Units**"). The Class 1 LP Units and Class 2 LP Units provide Holdings LP with the right to receive distributions from BP Canada LP equal, in aggregate, to 1.5% of Franchise Sales, less the pro rata portion payable to BPI in respect of its Class 2 GP Units (the "**Distributions**"). Specifically, the Class 1 LP Units entitle Holdings LP to receive a priority distribution equal to the amount of interest that Holdings LP pays on certain indebtedness of Holdings LP plus 0.05% of that amount, with the balance of 1.5% of Franchise Sales being distributed pro rata to Holdings LP and BPI on the Class 2 LP Units and Class 2 GP Units, respectively. After BP Canada LP pays distributions on the Class 1 LP Units, Class 2 LP Units and Class 2 GP Units, BPI is entitled to all residual distributions from BP Canada LP on the Class 3 general partnership units, Class 4 general partnership units, Class 5 general partnership units and Class 6 general partnership units of BP Canada LP that BPI holds.

**Addition of New Restaurants to Royalty Pool**

On January 1 of each year (each, an "**Adjustment Date**"), an adjustment is made to add to the Royalty Pool new Boston Pizza Restaurants that opened ("**New Restaurants**") and to remove any Boston Pizza Restaurants that permanently closed since January 1 of the previous year ("**Closed Restaurants**"). In return for adding new Royalty and Distributions from the New Restaurants and after subtracting the Royalty and Distributions that are lost from the Closed Restaurants<sup>7</sup> (such difference, "**Net Royalty and Distributions**"), BPI receives the right to indirectly acquire additional Units (in respect of the Royalty, "**Class B Additional Entitlements**" and in respect of Distributions, "**Class 2 Additional Entitlements**", and collectively, "**Additional Entitlements**"). The calculation of Additional Entitlements is designed to be accretive to holders of Units ("**Unitholders**") as the expected increase in Franchise Sales from the New Restaurants added to the Royalty Pool less the decrease in Franchise Sales from the Closed Restaurants is valued at a 7.5% discount. The Additional Entitlements are calculated at 92.5% of the estimated Royalty and Distributions expected to be generated by the New Restaurants less the actual Royalty and Distributions lost from the Closed Restaurants, multiplied by one minus the effective tax rate estimated to be paid by the Fund, divided by the yield of the Fund, divided by the weighted average Unit price over a specified period. BPI receives 80% of the Additional Entitlements initially, with the balance received when the actual full year performance of the New Restaurants and the actual effective tax rate paid by the Fund are known with certainty (such balance of Units in respect of the increased Royalty, the "**Class B Holdback**", and in respect of the increased Distributions, the "**Class 2 Holdback**", and collectively, the "**Holdback**"). BPI receives 100% of the distributions on the Additional Entitlements throughout the year. After the New Restaurants have been part of the Royalty Pool for a full year, an audit of the Franchise Sales of these restaurants is performed, and the actual effective tax rate paid by the Fund is determined. At such time, an adjustment is made to reconcile distributions paid to BPI and the Additional Entitlements received by BPI.

It is possible that on an Adjustment Date, the Net Royalty and Distributions is negative as a result of the estimated Royalty and Distributions expected to be generated by the New Restaurants being less than the actual Royalty and Distributions that is lost from the Closed Restaurants (the amount by which it is less is the "**Deficiency**"). In such case, BPI would not receive any Additional Entitlements, however, nor would BPI lose any of the Additional Entitlements previously received by BPI. Rather, on future Adjustment Dates, BPI would be required to make-up the Deficiency by first adding Net Royalty and Distributions in an amount equal to the Deficiency before receiving

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<sup>7</sup> The Royalty and Distributions that are lost from the Closed Restaurants are calculated based upon the actual Franchise Sales received from the Closed Restaurants during the first 12-month period immediately following their addition to the Royalty Pool.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**BOSTON PIZZA INTERNATIONAL INC.**  
**For the three-month and six-month periods ended June 30, 2025**

any further Additional Entitlements (i.e. BPI only receives Additional Entitlements in respect of the cumulative amount by which Royalty and Distributions from New Restaurants exceeds actual Royalty and Distributions lost from Closed Restaurants).

**Business Strategy**

The success of the business of BPI, BP Canada LP, their affiliated entities and franchisees ("**Boston Pizza**") can be attributed to four simple underlying principles that are the foundation for all strategic decision-making – the "Four Pillars" strategy.

- **Building the brand**
- **Continually improving the guest experience**
- **A commitment to Franchisee profitability**
- **On-going engagement in local communities**

BPI and BP Canada LP realize that franchisees have to be profitable to succeed. To enhance profitability and to facilitate the growth of Boston Pizza, BPI and BP Canada LP aggressively enhance and promote the Boston Pizza brand through television, radio, digital, social media, and national and local promotions. The costs associated with national marketing of Boston Pizza are paid for by the Boston Pizza advertising fund (the "**Advertising Fund**"). Franchisees pay 3.0% of Franchise Sales to the Advertising Fund; these funds are used mainly to purchase television, radio, digital and social media advertising, including the production of marketing materials and administration costs. Both Boston Pizza franchisees and the corporate support staff continuously find new ways to improve the guests' experience so that guests will return to Boston Pizza again and again. Boston Pizza and its franchisees connect with their communities by hosting events, engaging with local organizations, and supporting philanthropic causes. Management is confident that this "Four Pillars" strategy will continue to focus BPI's and BP Canada LP's efforts, develop new markets and strengthen Boston Pizza's position as Canada's number one casual dining brand.

**Economic Uncertainties**

The success of BPI, BP Canada LP and Boston Pizza Restaurants, and the amount of Franchise Sales, Royalty, Distributions and the Fund's available cash for distribution to Unitholders, are dependent upon many economic factors. In 2024 and the first half of 2025, Boston Pizza Restaurants were challenged, among other things, by impacts of inflation and interest rates, rising input costs, decreased labour availability, changes in consumer demand, some of which impact guest visitation frequencies, guests' willingness to accept price increases, and major geopolitical developments. The heightened trade tensions between Canada and the United States of America, including the imposition of tariffs and counter-tariffs, have created uncertainty and concern for Canada's macroeconomic outlook. The effects of these heightened trade tensions and associated uncertainty have the potential to increase input costs and decrease availability of goods for Boston Pizza Restaurants, together with dampening consumer demand, confidence, and discretionary spending, and increasing unemployment rates. These dynamics can contribute to broader economic contractions or recessionary conditions that directly adversely affect the performance of consumer-facing industries like casual dining.

However, Boston Pizza's supply chain is currently well positioned to weather the volatility caused by trade tensions and threats of tariffs and counter-tariffs as the overwhelming majority of raw materials purchased by Boston Pizza Restaurants in the day-to-day operation of their businesses are sourced within Canada and not subject to counter-tariffs. In addition, the trade tensions with the United States of America have resulted in Canadian consumers spending less on travel to the United States of America and more on supporting Canadian brands like Boston Pizza. Conversely, any degradation of consumer demand, confidence or discretionary spending, or increases in unemployment rates and recessionary fears may result in reduced guest visitation, average guest cheque amounts, Franchise Sales, Royalty, Distributions, the Fund's available cash for distribution to Unitholders, and profitability of Boston Pizza Restaurants, all of which would increase the risk of Boston Pizza Restaurants closing.

## MANAGEMENT'S DISCUSSION AND ANALYSIS BOSTON PIZZA INTERNATIONAL INC.

For the three-month and six-month periods ended June 30, 2025

However, despite these challenges and the current uncertainty, Boston Pizza Restaurants have been able to generate solid Franchise Sales and offer value-based dining options, both on and off-premise, for guests in economically uncertain times. As previously demonstrated, BPI, BP Canada LP and Boston Pizza Restaurants have the ability to adapt to changes in operating environments and economic conditions.

For additional information regarding economic uncertainties and the strategies and tactics used by Boston Pizza to mitigate their effects, refer to the "Risks & Risk Management – Risks Related to the Business of BPI and BP Canada LP" section of Fund's Annual Information Form dated March 28, 2025, a copy of which is available on the Fund's profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Fund's website at [www.bpincomefund.com](http://www.bpincomefund.com).

### New Restaurant Openings, Closures and Renovations

During the Period, there were no New Restaurants (YTD – nil) and no Closed Restaurants (YTD – nil). As well, nine Boston Pizza Restaurants were renovated during the Period (YTD – 15).

## OPERATING RESULTS

### Same Restaurant Sales

#### Period

SRS was 6.4% for the Period compared to 1.7% reported in the second quarter of 2024. SRS for the Period was principally due to effective promotional initiatives, continued momentum in take-out and delivery, and favourable comparisons to a softer performance in the same period in the prior year.

#### YTD

SRS was 5.5% YTD compared to 0.4% reported year-to-date in 2024. SRS was principally due to effective promotional initiatives, continued momentum in take-out and delivery, and favourable comparisons to a softer performance in the same period in the prior year.

### Revenues

#### Period

BPI's total revenue was \$32.3 million for the Period compared to \$31.0 million for the second quarter of 2024. BPI's revenue was principally derived from royalty revenue and Advertising Fund contributions received by BP Canada LP from franchised Boston Pizza Restaurants, supplier contributions, sales from its corporately owned restaurant and franchise renewal and transfer fees. The \$1.3 million increase in revenue for the Period was primarily due to higher royalty revenues, supplier contributions and advertising fund revenue, partially offset by revenues associated with BPI's franchisee conference (the "**BPI Franchisee Conference**"), which was held in 2024 but did not occur in the Period.

#### YTD

BPI's total revenue was \$61.4 million YTD compared to \$58.8 million year-to-date in 2024. The \$2.6 million increase in revenue for YTD was primarily due to higher royalty revenues, supplier contributions, and advertising fund revenue, partially offset by a decrease in revenues associated with the BPI Franchisee Conference, with the same not having occurred YTD.

### Royalty Expense and Distribution Expense

#### Period

BPI's Royalty expense to Royalties LP (being 4.0% of Franchise Sales from Boston Pizza Restaurants in the Royalty Pool) was \$10.1 million and Distribution expense (being 1.5% of Franchise Sales from Boston Pizza

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Restaurants in the Royalty Pool, less BPI's retained interest) was \$3.3 million for the Period, compared to \$9.5 million and \$3.1 million, respectively, for the second quarter of 2024. The \$0.6 million increase in Royalty expense and \$0.2 million increase in Distribution expense for the Period were primarily due to positive SRS.

YTD

BPI's Royalty expense to Royalties LP was \$19.3 million and Distribution expense was \$6.3 million YTD, compared to \$18.4 million and \$6.0 million, respectively, year-to-date in 2024. The \$0.9 million increase in Royalty expense and \$0.3 million increase in Distribution expense YTD were primarily due to positive SRS.

**Operating Expenses Excluding Royalty Expense and Distribution Expense**

Period

BPI's operating expenses, excluding Royalty expense and Distribution expense, were \$16.7 million for the Period, which included Advertising Fund expenses of \$8.6 million, compensation expense of \$5.5 million, other expense associated with services provided to franchised Boston Pizza Restaurants of \$1.6 million, depreciation and amortization of \$0.6 million, operational costs of a corporately owned restaurant of \$0.6 million, and management fees for services rendered by a company under common control of \$0.5 million. These expenses were partially offset by the amortization of deferred gain on the sale of BP Rights to Royalties LP of \$0.7 million. In the second quarter of 2024, BPI's operating expenses, excluding Royalty expense and Distribution expense, were \$19.1 million, which included Advertising Fund expenses of \$8.7 million, compensation expense of \$5.0 million, other expense associated with services provided to franchised Boston Pizza Restaurants of \$4.5 million, depreciation and amortization of \$0.6 million, operational costs of a corporately owned restaurant of \$0.5 million, and management fees for services rendered by a company under common control of \$0.5 million. These expenses were partially offset by the amortization of deferred gain on the sale of BP Rights to Royalties LP of \$0.7 million.

The decrease in operating expenses, excluding Royalty expense and Distribution expense, of \$2.4 million for the Period was primarily due to a decrease in other expenses, as costs associated with the BPI Franchisee Conference were not included in the Period, and a decrease in Advertising Fund expenses due to the timing of advertising activity, partially offset by an increase in compensation expense.

The deferred gain on the sale of BP Rights to Royalties LP is amortized over 99 years, beginning in 2002 for the term of the License and Royalty Agreement dated July 17, 2002, as amended on May 9, 2005, between Royalties LP and BPI. The net deferred gain as at June 30, 2025 was \$215.0 million compared to \$217.8 million as at June 30, 2024.

YTD

BPI's operating expenses, excluding Royalty expense and Distribution expense, were \$32.8 million YTD, which included Advertising Fund expenses of \$16.9 million, compensation expense of \$11.0 million, other expense associated with services provided to franchised Boston Pizza Restaurants of \$2.9 million, depreciation and amortization of \$1.2 million, operational costs of a corporately owned restaurant of \$1.1 million, and management fees for services rendered by a company under common control of \$1.0 million. These expenses were partially offset by the amortization of deferred gain on the sale of BP Rights to Royalties LP of \$1.4 million. Year-to-date in 2024, BPI's operating expenses, excluding Royalty expense and Distribution expense, were \$32.9 million, which included Advertising Fund expenses of \$15.4 million, compensation expense of \$10.4 million, other expense associated with services provided to franchised Boston Pizza Restaurants of \$5.3 million, depreciation and amortization of \$1.2 million, operational costs of a corporately owned restaurant of \$1.1 million, and management fees for services rendered by a company under common control of \$1.0 million. These expenses were partially offset by the amortization of deferred gain on the sale of BP Rights to Royalties LP of \$1.4 million.

The decrease in operating expenses, excluding Royalty expense and Distribution expense, of \$0.1 million YTD was due to a decrease in other expenses as costs associated with the BPI Franchisee Conference were not included YTD, partially offset by increases in Advertising Fund expenses due to increased advertising activity, and compensation expense.

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**Earnings (Loss) before Interest and Fair Value Gain (Loss)**

Period

BPI's earnings before interest and fair value gain (loss) was \$2.2 million for the Period compared to a loss of \$0.7 million for the second quarter of 2024. The \$2.9 million increase in earnings before interest and fair value gain (loss) for the Period was principally due to a decrease in operating expenses and an increase in revenues, partially offset by increases in Royalty and Distribution expenses.

YTD

BPI's earnings before interest and fair value gain (loss) was \$2.9 million YTD compared to \$1.5 million year-to-date in 2024. The \$1.4 million increase in earnings before interest and fair value gain (loss) YTD was principally due to an increase in revenues and a decrease in operating expenses, partially offset by increases in Royalty and Distribution expenses.

**Net Interest Income**

Period

BPI's net interest income during the Period was \$1.0 million, comprised of \$1.0 million of interest income received by BPI on its Class B general partner units of Royalties LP ("**Class B Units**") and \$0.1 million of interest income on cash and cash equivalents, partially offset by \$0.1 million of interest expense on debt and financing costs and a nominal amount of interest expense on lease obligations. BPI's net interest income for the second quarter of 2024 was \$1.0 million, comprised of \$1.1 million of interest income received by BPI on its Class B Units and \$0.1 million of interest income on cash and cash equivalents, partially offset by \$0.2 million of interest expense on debt and financing costs and a nominal amount of interest expense on lease obligations. The nominal increase in net interest income for the Period was primarily due to a decrease in interest expense on debt due to lower debt carried and lower interest rates.

YTD

BPI's net interest income YTD was \$1.7 million, comprised of \$1.8 million of interest income received by BPI on its Class B Units and \$0.3 million of interest income on cash and cash equivalents, partially offset by \$0.3 million of interest expense on debt and financing costs and \$0.1 million of interest expense on lease obligations. BPI's net interest income for year-to-date in 2024 was \$1.6 million, comprised of \$1.8 million of interest income received by BPI on its Class B Units and \$0.3 million of interest income on cash and cash equivalents, partially offset by \$0.4 million of interest expense on debt and financing costs and \$0.1 million of interest expense on lease obligations. The \$0.1 million increase in net interest income YTD was due to a decrease in interest expense on debt and financing costs due to lower debt carried and lower interest rates.

**Fair Value (Loss) Gain**

Period

During the Period, BPI recognized a fair value loss of \$7.9 million compared to \$0.8 million for the second quarter of 2024. The change in fair value was principally due to the change in the price of Units into which the Class B Units are exchangeable and upon which the Class 2 LP Units liability is measured.

BPI estimates the fair value of the Class B Units by multiplying the number of Units that BPI would be entitled to receive if it exchanged all of the Class B Units (including the Class B Holdback) held by BPI at the end of the Period by the closing price of a Unit on the last business day of the Period. On June 30, 2025, the Fund's closing price was \$19.75 per Unit (March 31, 2025 – \$17.13 per Unit) and the number of Units BPI would be entitled to receive if it exchanged all of the Class B Units (including the Class B Holdback) held by BPI was 2,430,823 (March 31, 2025 – 2,430,823). Consequently, the Class B Units were valued at \$48.0 million (March 31, 2025 – \$41.6 million), resulting in a fair value gain of \$6.4 million. In general, the value of the

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Class B Units will increase as the market price of Units increases and vice versa. In addition, the value of the Class B Units increases as the number of Units BPI would be entitled to receive if it exchanged all of the Class B Units (including the Class B Holdback) increases and vice versa.

The Class 1 LP Units are entitled to distributions determined with respect to the interest cost paid by the Fund on the credit facility of the Fund drawn on at the time of the 2015 Transaction to pay for the Fund's indirect investment in Class 1 LP Units of BP Canada LP. BPI estimates the fair value of the Class 1 LP Units liability using a market-corroborated input, being the interest rate on the applicable credit facility. Consequently, BPI estimated the fair value of Class 1 LP Units liability as at June 30, 2025 to be \$33.3 million (March 31, 2025 – \$33.3 million), resulting in no fair value adjustment for the Period.

BPI estimates the fair value of the Class 2 LP Units liability by multiplying the number of Class 2 LP Units indirectly held by the Fund at the end of the Period by the closing price of a Unit on the last business day of the Period. As at June 30, 2025, the Fund indirectly held 5,455,762 Class 2 LP Units (March 31, 2025 – 5,455,762) and the Fund's closing price on June 30, 2025 was \$19.75 per Unit (March 31, 2025 – \$17.13 per Unit). Consequently, BPI estimated the fair value of the Class 2 LP Units liability as at June 30, 2025 to be \$107.8 million (March 31, 2025 – \$93.5 million), resulting in a fair value loss of \$14.3 million for the Period. In general, the fair value of the Class 2 LP Units liability will increase as the market price of Units increases and vice versa.

YTD

YTD, BPI recognized a fair value loss of \$6.9 million compared to \$2.0 million year-to-date in 2024. The change in fair value was principally due to the change in the price of Units into which the Class B Units are exchangeable and upon which the Class 2 LP Units liability is measured.

As at December 31, 2024, the Fund's closing price was \$17.48 per Unit and the number of Units BPI would be entitled to receive if it exchanged all of the Class B Units (including the Class B Holdback) held by BPI was 2,430,823. The Class B Units were calculated to be valued at \$42.5 million as at December 31, 2024. As discussed above, the Class B Units at the end of the Period were valued at \$48.0 million, resulting in a fair value gain of \$5.5 million.

As discussed above, BPI estimated the fair value of Class 1 LP Units liability as at June 30, 2025 to be \$33.3 million (December 31, 2024 – \$33.3 million), resulting in no fair value adjustment YTD.

As at December 31, 2024, the Fund indirectly held 5,455,762 Class 2 LP Units and the Fund's closing price was \$17.48 per Unit. Consequently, BPI estimated the fair value of the Class 2 LP Units liability as at December 31, 2024 to be \$95.4 million. As discussed above, BPI estimated the fair value of the Class 2 LP Units liability as at June 30, 2025 to be \$107.8 million, resulting in a fair value loss of \$12.4 million YTD.

**(Loss) Earnings before Income Taxes**

Period

Given the combined effects of the above-noted factors, BPI had a loss before income taxes of \$4.7 million for the Period compared to \$0.5 million for the second quarter of 2024. The \$4.2 million increase in the loss before income taxes was primarily due to the increase in fair value loss, partially offset by an increase in earnings before interest and fair value loss.

YTD

Given the combined effects of the above-noted factors, BPI had a loss before income taxes of \$2.2 million YTD compared to earnings before income taxes of \$1.1 million year-to-date in 2024. The \$3.3 million increase in the loss before income taxes was primarily due to an increase in fair value loss, partially offset by increases in earnings before interest and fair value loss and net interest income.

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**Income Tax Expense**

Period

BPI recognized a \$1.4 million current income tax expense for the Period compared to \$0.4 million for the second quarter of 2024. The \$1.0 million increase in current income tax expense for the Period is mainly due to higher earnings before interest and fair value loss and the timing of deferred revenue, partially offset by the timing of temporary differences.

BPI recognized a \$1.1 million deferred income tax expense for the Period compared to a \$0.5 million deferred income tax recovery for the second quarter of 2024. The \$1.6 million increase in deferred income tax expense is primarily due to the change in the fair value on Class B Units and the timing of temporary differences.

YTD

BPI recognized a \$1.7 million current income tax expense YTD compared to \$0.9 million year-to-date in 2024. The \$0.8 million increase in current income tax expense YTD is mainly due to higher earnings before interest and fair value loss and the timing of deferred revenue, partially offset by the timing of temporary differences.

BPI recognized a \$1.0 million deferred income tax expense YTD compared to \$0.1 million deferred income tax recovery year-to-date in 2024. The \$1.1 million increase in deferred income tax expense is primarily due to the change in the fair value on Class B Units.

**Net and Comprehensive (Loss) Income**

Period

BPI's net and comprehensive loss for the Period was \$7.2 million compared to \$0.4 million for the second quarter of 2024. The \$6.8 million increase in net and comprehensive loss is primarily due to an increase in the loss before income taxes and an increase in income tax expense.

YTD

BPI's net and comprehensive loss YTD was \$4.9 million compared to \$0.2 million net and comprehensive income year-to-date in 2024. The \$5.1 million increase in net and comprehensive loss is primarily due to an increase in the loss before income taxes and an increase in income tax expense.

**Units Outstanding**

The following table sets forth a summary of the outstanding Units. BPI owns 100% of the Class B Units and 1% of the ordinary general partner units of Royalties LP. BPI also owns 100% of the Class 2 GP Units, and 100% of the Class 3, Class 4, Class 5 and Class 6 general partnership units of BP Canada LP. The Class B Units and Class 2 GP Units are exchangeable for Units. References to "Class B Additional Entitlements" and "Class 2 Additional Entitlements" in the table below refer to the number of Units into which the Class B Units and Class 2 GP Units, respectively, are exchangeable as of the dates indicated.

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	Issued and Outstanding Units and Additional Entitlements	Issued and Outstanding Units, Additional Entitlements and Holdback
<u>Units Outstanding</u>		
Issued and Outstanding Units as of June 30, 2025	21,278,563	21,278,563
<u>Class B Additional Entitlements Outstanding</u>		
Class B Additional Entitlements – Outstanding as of December 31, 2024	2,430,823	2,430,823
Class B Additional Entitlements – Issued as of January 1, 2025	--	-- (1)
Class B Holdback Created January 1, 2025	N/A	-- (1)
Class B Additional Entitlements – Issued in respect of 2024 after the audit	N/A	N/A
Total Class B Additional Entitlements as of August 13, 2025	2,430,823	2,430,823
<u>Class 2 Additional Entitlements Outstanding</u>		
Class 2 Additional Entitlements – Outstanding as of December 31, 2024	831,354	831,354
Class 2 Additional Entitlements – Issued as of January 1, 2025	--	-- (1)
Class 2 Holdback Created January 1, 2025	N/A	-- (1)
Class 2 Additional Entitlements – Issued in respect of 2024 after the audit	N/A	N/A
Total Class 2 Additional Entitlements as of August 13, 2025	831,354	831,354
<u>Summary as of August 13, 2025</u>		
Total Issued and Outstanding Units	21,278,563	21,278,563
Total Additional Entitlements	3,262,177	3,262,177
Fully Diluted Units	24,540,740	24,540,740
BPI's Percentage Ownership	13.3%	13.3%

(1) No Additional Entitlements were issued to BPI and no Holdback was created since a Deficiency existed in respect of the Adjustment Date of 2025.

BPI directly and indirectly holds 100% of the special voting units (the “**Special Voting Units**”) of the Fund, which entitle BPI to one vote in respect of matters to be voted upon by Unitholders for each Unit that BPI would be entitled to receive if it exchanged all of its Class B Units and Class 2 GP Units for Units. As of August 13, 2025, BPI was entitled to 3,262,177 votes, representing 13.3% of the aggregate votes held by holders of Units and Special Voting Units. The number of Units that BPI is entitled to receive upon the exchange of its Class B Units and Class 2 GP Units and the number of votes that BPI is entitled to in respect of its Special Voting Units is adjusted periodically to reflect any additional Boston Pizza Restaurants that were added to the Royalty Pool.

## LIQUIDITY & CAPITAL RESOURCES

BPI is an entirely franchised business except for one corporate Boston Pizza Restaurant that it owned as at June 30, 2025. For 2025, BPI has forecasted capital requirements of approximately \$3.6 million, which consist mainly of the development of software applications and digital platforms, and computer equipment. BPI believes it has sufficient cash and capital resources to cover forecasted expenditures, capital requirements, commitments and repayments for 2025. BPI constantly monitors its operations and cash flows to ensure that current and future obligations will be met. BPI believes its current sources of liquidity are sufficient to cover its currently known short and long-term obligations. In addition, BPI has the ability to manage its working capital with the Operating Line (as defined below).

### Indebtedness

#### Credit Facilities

BPI has credit facilities with a Canadian chartered bank (the “**Bank**”) in the amount of up to \$16.7 million that expire on July 1, 2026 (the “**Credit Facilities**”). The Credit Facilities are comprised of: (i) a \$10.0 million committed revolving facility to cover BPI's day-to-day operating requirements if needed (the “**Operating Line**”); and (ii) a \$6.7 million committed non-revolving term facility that was used to finance the reorganization of BPI and its shareholders that completed on September 30, 2017 (the “**Term Loan**”). The Credit Facilities bear interest at variable interest rates as selected by BPI. In the case of Canadian prime rate loans, the interest rate is equal to the Bank's prime rate plus between 0.00% and 0.90% (depending on BPI's Total Funded Net Debt to EBITDA ratio) and, in the case of Canadian Overnight Repo Rate Average (“**CORRA**”) loans, the interest rate is equal to: (i) CORRA; plus (ii) a credit spread adjustment of either 0.29547% or 0.32138% depending upon whether the

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CORRA loan has a one-month or three-month interest period, respectively; plus (iii) between 1.25% and 2.10% (depending on BPI’s Total Funded Net Debt to EBITDA ratio), and interest is payable monthly in arrears. The Term Loan and the principal amount drawn on the Operating Line are due and payable upon maturity. The principal amount drawn on the Term Loan must be reduced by quarterly payments of \$0.4 million each.

Security and Covenants

The Credit Facilities are guaranteed by all of BPI’s subsidiaries except BP Canada LP, and BPI and each of those subsidiaries have granted general security over their assets to secure their obligations under the Credit Facilities and such guarantees. No security has been given by BP Canada LP in respect of the Credit Facilities. Neither the Fund nor any of its subsidiaries has guaranteed or provided any security in respect of the Credit Facilities. BPI and each of BPI’s subsidiaries (including BP Canada LP) have also granted Royalties LP security over their assets to secure BPI’s and BP Canada LP’s obligations to pay Royalty and Distributions.

The principal financial covenants of the Credit Facilities are that: (a) BPI and its subsidiaries, taken as a whole, shall maintain a Total Funded Net Debt to EBITDA ratio of not greater than 3.00:1 (tested quarterly on a trailing 12-month basis); (b) BPI and its subsidiaries, taken as a whole, shall not permit its: (i) pre-distribution debt service coverage ratio to be less than 1.10:1 on closing and until December 31, 2023 and less than 1.25:1 thereafter (tested quarterly on a trailing 12-month basis); and (ii) post-distribution debt service coverage ratio to be less than 1.00:1 (tested quarterly on a trailing 12-month basis); and (c) the Class B Units and Class 2 GP Units that a subsidiary of BPI has pledged to the Bank and which are exchangeable for Units must have a value, at any time, equal to at least 100% of the outstanding advances under the credit facilities advanced pursuant to the Credit Facilities. **“Total Funded Net Debt”** is defined as all indebtedness excluding accounts payable, short-term non-interest bearing unsecured debt, deferred income taxes and certain related party debt net of cash on the balance sheet, generated from operations and held in accounts at the Bank. In addition, the first amended and restated credit agreement dated January 24, 2020 between BPI and the Bank, as amended by the first supplemental credit agreement dated June 22, 2020, the second supplemental credit agreement dated June 28, 2022, and the Third Supplemental Credit Agreement dated June 14, 2024, governing the Credit Facilities contain certain covenants and restrictions, including the requirement to meet the financial ratios described above. A failure of BPI to comply with these covenants and restrictions could entitle the Bank to demand repayment of the outstanding balance drawn on the Credit Facilities prior to maturity. BPI was in compliance with all of its financial covenants and financial condition tests as at the end of the Period.

As of June 30, 2025, no amount was drawn on the Operating Line and \$6.7 million was drawn on the Term Loan.

Contractual Obligations and Commercial Commitments

A summary of the estimated amount and estimated timing of cash flows related to BPI’s contractual obligations and commercial commitments as at June 30, 2025 is as follows:

(in thousands of dollars)	Within 1 year	2 - 3 years	4 - 5 years	Over 5 years	Total	Book Value
Accounts payable and accrued liabilities	6,911	-	-	-	6,911	6,911
Income taxes payable	379	-	-	-	379	379
Royalty and distributions payable to the Fund	4,739	-	-	-	4,739	4,739
Debt <sup>1</sup>	1,863	5,101	-	-	6,964	6,700
Other long-term liabilities	-	923	-	-	923	923
Lease obligations <sup>2</sup>	525	790	649	989	2,953	2,462
	14,417	6,814	649	989	22,869	22,114

Note:

- 1) Includes estimated interest on debt and excludes deferred financing costs of \$0.1 million.
- 2) Represents minimum annual rental payments under lease contracts for office space, restaurant space and equipment.

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**Cash Flows**

Cash Flow from Operating Activities

Period

During the Period, operating activities generated \$3.2 million of cash compared to \$1.0 million during the second quarter of 2024. The \$2.2 million increase was primarily due to an increase in net income after adjustments for non-cash items, partially offset by a decrease in changes in working capital.

YTD

YTD, operating activities used \$0.3 million of cash compared to \$3.9 million year-to-date in 2024. The \$3.6 million decrease in cash used was primarily due to an increase in changes in working capital and an increase in net income after adjustments for non-cash items.

Cash Flow from Financing Activities

Period

During the Period, financing activities used \$3.2 million of cash compared to \$0.1 million of cash generated during the second quarter of 2024. The \$3.3 million increase in cash used was primarily due to a voluntary payment of debt of \$2.5 million during the Period and an increase in net lease obligation payments due to the receipt of a tenant inducement in same period in 2024. This was partially offset by a decrease in interest paid on debt due to lower debt carried.

YTD

YTD, financing activities used \$8.8 million of cash compared to \$0.6 million year-to-date in 2024. The \$8.2 million increase in cash used was primarily due to BPI having paid a return of capital of \$5.0 million on the issued and outstanding Common shares held by its sole shareholder, James Treliving Holdings Ltd., on February 18, 2025 and a voluntary payment of debt of \$2.5 million, as well as an increase in net lease obligation payments due to the receipt of a tenant inducement in 2024. These were partially offset by a decrease in interest paid on debt due to lower debt carried.

Cash Flow from Investing Activities

Period

During the Period, investing activities generated \$0.6 million of cash compared to \$0.7 million during the second quarter of 2024. Cash generated from investing activities typically represents distributions received by BPI on the Class B Units. Cash used from investing activities typically represents purchases of property and equipment as well as intangible assets. The \$0.1 million decrease in cash generated was due to higher purchases of intangible assets, partially offset by lower purchases of property and equipment.

YTD

YTD, investing activities generated \$1.3 million of cash compared to \$1.4 million year-to-date in 2024. The \$0.1 million decrease in cash generated was due to higher purchases of intangible assets, partially offset by lower purchases of property and equipment.

**Related Party Transactions**

BPI's related party balances owing at the end of the Period and related party transactions for the Period were as follows:

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(in thousands of dollars)	June 30, 2025	June 30, 2024
Accounts receivables due from associated companies	\$ 1,743	\$ 1,833
Accounts payable due to associated companies	-	10
Royalty payable to Royalties LP	3,611	3,475
Distributions payable to Holdings LP	1,128	1,087

(in thousands of dollars)	Q2 2025	Q2 2024	YTD 2025	YTD 2024
Fees charged to the Fund in respect of administrative services <sup>(1)</sup>	\$ 113	\$ 111	\$ 227	\$ 222
Royalty expense to the Fund	10,072	9,472	19,318	18,353
Distribution expense to the Fund	3,306	3,111	6,342	6,030
Management fees paid for services rendered to company				
under common control	500	500	1,000	1,000
Interest income from Royalties LP	1,046	1,063	1,776	1,792

- (1) The Fund is considered to be a related party of BPI by virtue of common officers and directors of BPI and Boston Pizza GP Inc., the managing general partner of Royalties LP. The Fund has engaged Royalties LP, its administrator, to provide certain administrative services on behalf of the Fund ("Administrative Services"). In turn, certain of the Administrative Services are performed by BPI as a general partner of Royalties LP. Under the terms of the partnership agreement governing Royalties LP, BPI is entitled to be reimbursed for certain out-of-pocket expenses incurred in performing the Administrative Services. BPI and Royalties LP agreed to limit the annual amount of out-of-pocket expenses for which BPI was entitled to be reimbursed to not more than \$0.4 million for each of 2020, 2021 and 2022, after which time the amount will not increase by more than the percentage change in the Canadian Consumer Price Index (as calculated by Statistics Canada) in the calendar year prior thereafter. The Fund increased the reimbursement to BPI by a nominal amount in 2024, which was based on a 3.9% increase in the Canadian Consumer Price Index in 2023. The Fund further increased the reimbursement to BPI by a nominal amount in 2025, which is based on a 2.4% increase in the Canadian Consumer Price Index in 2024.

The total amount charged by, and paid to, BPI in respect of these services for the Period was \$0.1 million (Q2 2024 – \$0.1 million).

Other related party transactions and balances are referred to elsewhere in this MD&A.

**CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING**

During the Period, there was no change in BPI's internal control over financial reporting that materially affected, or is reasonably likely to materially affect, BPI's internal controls over financial reporting. BPI complies with the Committee of Sponsoring Organizations of the Treadway Commission Internal Control – Integrated Framework: 2013.

**CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of BPI's condensed consolidated interim financial statements in accordance with IFRS requires estimates and judgments to be made that affect the reported amounts of assets and liabilities, earnings and expenses, and related disclosures. These estimates are based on historical experience and knowledge of economics, market factors and the restaurant industry along with various other assumptions that are believed to be reasonable under the circumstances.

BPI believes that the following selected accounting policies are critical to understanding the estimates, assumptions and uncertainties that affect the amounts reported and disclosed in BPI's consolidated financial statements and related notes:

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Estimate – Investment in Royalties LP

BPI's investment in Royalties LP is principally comprised of the Class B Units. The value of New Restaurants rolled into the Royalty Pool is also recognized within BPI's investment in Royalties LP through BPI's right to receive Class B Additional Entitlements. The value of the Class B Additional Entitlements that BPI will be entitled to as a result of adding New Restaurants to the Royalty Pool is determined on a formula basis that is designed to estimate the present value of the cash flows due to the Fund as a result of the New Restaurants being added to the Royalty Pool. As such, the calculation is dependent on a number of variables including the estimated long-term sales of the New Restaurants and a discount rate. The value of the Class B Additional Entitlements that BPI will be entitled to as a result of adding New Restaurants to the Royalty Pool could differ from actual results and may impact the investment in Royalties LP and deferred gains line items.

Estimate – Accounts Receivable

BPI provides an allowance for uncollectable trade receivables based on a customer-by-customer basis using estimates for past and current performance, aging, arrears status, the level of allowance already in place, and management's interpretation of economic conditions specific to BPI's customer base. If certain judgments or estimates prove to be inaccurate, BPI's results of operations and financial position may be impacted.

Estimate – Class B Units, Class 1 LP Units, and Class 2 LP Units

BPI must classify fair value measurements according to a hierarchy that reflects the significance of the inputs used in performing such measurements. BPI's fair value hierarchy comprises the following levels:

- Level 1 – quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – pricing inputs are other than quoted in active markets included in Level 1. Prices in Level 2 are either directly (i.e. as prices) or indirectly (i.e. derived from prices) observable as of the reporting date.
- Level 3 – valuations in this level are those with inputs for the asset or liability that are not based on observable data.

The fair values of the Class B Units, Class 1 LP Units liability and Class 2 LP Units liability are all determined using Level 2 inputs and are measured on a recurring basis.

(i) Class B Units

BPI has elected under IFRS to measure the Class B Units as a financial asset at fair value through profit and loss. This requires that BPI use a valuation technique to determine the value of BPI's investment in Royalties LP at each reporting date. The Class B Units are exchangeable for Units, and thus, it is estimated that the value of the Class B Units approximates the number of Units into which they are exchangeable. BPI estimates the fair value of the Class B Units liability by multiplying the number of Units BPI would be entitled to receive if it exchanged all of the Class B Units (including Class B Holdback) held by BPI at the end of the period by the closing price of the Units on the last business day of the period.

This valuation technique may not represent the actual value of the financial asset should such units be extinguished and changes in the distribution rate on the Class B Units and the yield of the Units could materially impact BPI's financial position and net and comprehensive income.

(ii) Class 1 LP Units Liability and Class 2 LP Units Liability

The Class 1 LP Units liability and Class 2 LP Units liability are classified as financial liabilities measured at fair value through profit or loss because the entitlements to distributions are considered embedded derivatives to the limited partnership units. BPI measures the Class 1 LP Units liability and Class 2 LP Units liability at fair value using

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**BOSTON PIZZA INTERNATIONAL INC.**  
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Level 2 inputs, which may result in a fair value adjustment on the BP Canada LP units liability line on the statements of financial position, and the fair value loss (gain) line on the statements of comprehensive income and a corresponding non-cash adjustment line on the statements of cash flows.

The fair value of the Class 1 LP Units liability for BPI mirrors the fair value of the investment in Class 1 LP Units asset recognized by the Fund for any particular period. The Class 1 LP Units are entitled to distributions with respect to the interest payable by the Fund on the credit facility to pay for the Fund's indirect investment in Class 1 LP Units of BP Canada LP. BPI estimates the fair value of Class 1 LP Units liability using a market-corroborated input, being the interest rate on the applicable credit facility. Consequently, BPI estimates the fair value of Class 1 LP Units liability at carrying value adjusted for interest rate risk.

The fair value of the Class 2 LP Units liability for BPI mirrors the fair value of the investment in Class 2 LP Units asset recognized by the Fund for any particular period. The Class 2 LP Units have similar cash distribution entitlements and provisions to the Class 2 GP Units held by BPI, which are exchangeable for Units. The fair value of the Class 2 LP Units is determined using a market approach, which involves using observable market prices for similar instruments. The fair value of the Class 2 LP Units is determined by multiplying the issued and outstanding Class 2 LP Units indirectly held by the Fund at the end of the period by the closing price of a Unit on the last business day of the period.

These valuation techniques may not represent the actual value of the Class 1 LP Units liability and Class 2 LP Units liability should such liabilities be extinguished. Changes in the distribution rates on the Class 1 LP Units and Class 2 LP Units and the yield of Units could materially impact BPI's financial position and net income.

*Judgment – Consolidation*

Applying the criteria outlined in IFRS 10 – Consolidated Financial Statements, judgment is required in determining whether BPI controls Royalties LP and BP Canada LP. Making this judgment involves taking into consideration the concepts of power over Royalties LP and BP Canada LP, exposure and rights to variable returns, and the ability to use power to direct the relevant activities of Royalties LP and BP Canada LP so as to generate economic returns. With respect to Royalties LP, using these criteria, management has determined that BPI does not ultimately control Royalties LP. With respect to BP Canada LP, using these criteria, management has determined that BPI ultimately controls BP Canada LP through its ability to direct relevant activities to generate economic returns from BP Canada LP and its governance as managing general partner of BP Canada LP.

**SHORT-TERM OUTLOOK**

The information contained in this “Short-Term Outlook” section is forward-looking information. Please see the “Note Regarding Forward-Looking Information” and “Risks & Risk Management” sections of this MD&A for a discussion of the risks and uncertainties in connection with forward-looking information.

The success of the Fund, BPI, BP Canada LP, and Boston Pizza Restaurants, including the amount of Franchise Sales, Royalty, Distributions, and cash available for distribution to Unitholders, depends on both consumer demand and restaurant-level operations. Consumer demand is driven by consumer confidence and discretionary spending, both of which are influenced by macroeconomic factors such as inflation and interest rates, wage growth and unemployment levels, recession risks, competition within the restaurant industry, evolving consumer preferences, changes in taxation and major geopolitical developments, including tariffs. At the restaurant level, success is also impacted by supply chain disruptions, labor availability, rising input costs, and other operational challenges.

The heightened trade tensions between Canada and the United States of America, including the imposition of tariffs and counter-tariffs, have created uncertainty and concern for Canada's macroeconomic outlook. The effects of these heightened trade tensions and associated uncertainty have the potential to increase input costs and decrease availability of goods for Boston Pizza Restaurants, together with dampening consumer demand, confidence, and discretionary spending, and increasing unemployment rates. These dynamics can contribute to broader economic contractions or recessionary conditions that directly adversely affect the performance of consumer-facing industries like casual dining.

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However, as noted above, Boston Pizza's supply chain is currently well positioned to weather the volatility caused by trade tensions and threats of tariffs and counter-tariffs as the overwhelming majority of raw materials purchased by Boston Pizza Restaurants in the day-to-day operation of their businesses are sourced within Canada and not subject to counter-tariffs. In addition, the trade tensions with the United States of America have resulted in Canadian consumers spending less on travel to the United States of America and more on supporting Canadian brands like Boston Pizza. Conversely, any degradation of consumer demand, confidence or discretionary spending, or increases in unemployment rates and recessionary fears may result in reduced guest visitation, average guest cheque amounts, Franchise Sales, Royalty, Distributions, the Fund's available cash for distribution to Unitholders, and profitability of Boston Pizza Restaurants, all of which would increase the risk of Boston Pizza Restaurants closing.

Despite these obstacles, Boston Pizza Restaurants have consistently generated strong Franchise Sales by providing guests with appealing dining options that emphasize quality, value, and convenience, both on-premise and off-premise. BPI, BP Canada LP, and Boston Pizza Restaurants have demonstrated adaptability in navigating changing economic conditions and challenging operating environments. BPI's management remains proactive and committed to adjusting its business strategy to effectively address these challenges and sustain positive sales momentum in 2025.

**RISKS & RISK MANAGEMENT**

For information on risks and risk management related to BPI and the Fund, please refer to the Fund's Annual Information Form dated March 28, 2025, a copy of which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Fund's website at [www.bpincomefund.com](http://www.bpincomefund.com).

**ADDITIONAL INFORMATION**

Additional information relating to BPI, the Fund, Royalties LP, Boston Pizza GP Inc., BPCHP, Boston Pizza Holdings Trust, Holdings LP, Boston Pizza Holdings GP Inc. and BP Canada LP, including the Fund's most recent Annual Information Form, is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Fund's website at [www.bpincomefund.com](http://www.bpincomefund.com).

**NOTE REGARDING FINANCIAL INFORMATION OF BPI**

The Fund files BPI's financial statements and this MD&A (collectively, the "**BPI Disclosures**") pursuant to an undertaking dated July 9, 2002 provided by BPI to the various securities commissions in Canada. BPI's senior management prepares the BPI Disclosures and provides them to the Fund for filing on its behalf. The Trustees do not oversee the preparation of the BPI Disclosures. The auditors of BPI report to the sole shareholder of BPI and not to Unitholders. The Fund does not own, control, or consolidate BPI and therefore, the Fund's disclosure controls and procedures and its internal controls over financial reporting do not encompass BPI or BPI's internal controls over financial reporting. The BPI Disclosures are the responsibility of BPI and its directors and officers and not the Fund and its Trustees and officers. The Fund provides no assurances as to its accuracy or completeness. The Fund disclaims any and all liability for the BPI Disclosures.

**NOTE REGARDING FORWARD-LOOKING INFORMATION**

Certain information in this MD&A 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 BPI, the Fund, Boston Pizza Holdings Trust, Royalties LP, Holdings LP, Boston Pizza Holdings GP Inc., Boston Pizza GP Inc., BPCHP, BP Canada LP, 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. When used in this MD&A, forward-looking information may include words such as "anticipate", "estimate", "may", "will", "should", "expect", "believe", "plan", "forecast" and other similar terminology. This information reflects current expectations regarding future events and operating performance and speaks only as of the date of this MD&A.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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Forward-looking information in this MD&A includes, but is not limited to, such things as all statements, other than statements of historical facts, included herein that address events or developments that management of BPI expects or anticipates will or may occur in the future are forward-looking information. Forward-looking information in this MD&A includes, but is not limited to, such things as:

- forecasted capital requirements;
- future distributions and dates that distributions are to be paid or payable;
- how changes in distributions will be implemented;
- how distributions will be funded;
- the maintenance of franchisee relationships;
- increased average cheque levels are achieved through a combination of menu mix change and increases to menu prices;
- the extent to which menu price increases result in increased average guest cheque being dependent upon consumer reaction to the price increases;
- the "Four Pillars" strategy will continue to focus BPI's and BP Canada LP's efforts to develop new markets and strengthen Boston Pizza's position as Canada's number one casual dining brand;
- the effects of heightened trade tensions and associated uncertainty between Canada and the United States of America having the potential to increase input costs and decrease availability of goods for Boston Pizza Restaurants, together with dampening consumer demand, confidence, and discretionary spending, and increased unemployment rates;
- Boston Pizza's supply chain being currently well positioned to weather the volatility caused by trade tensions and threats of tariffs and counter-tariffs due to the overwhelming majority of raw materials sourced within Canada that are not subject to counter-tariffs;
- continued support for Canadian brands like Boston Pizza as a result of the trade tensions with the United States of America;
- any degradation of consumer demand, confidence or discretionary spending, or increases in unemployment rates and recessionary fears resulting in reduced guest visitation, average guest cheque amounts, Franchise Sales, Royalty, Distributions, the Fund's available cash for distribution to Unitholders and profitability of Boston Pizza Restaurants, and an increased risk of Boston Pizza Restaurants closing;
- BPI, BP Canada LP and Boston Pizza Restaurants having the ability to adapt to changes in operating environments and economic conditions;
- the future expansion of Boston Pizza Restaurants;
- the success of the Fund, BPI, BP Canada LP and Boston Pizza Restaurants, including the amount of Franchise Sales, Royalty, Distributions and cash available for distribution depending on both consumer demand and restaurant-level operations;
- consumer demand being driven by consumer confidence and discretionary spending, both of which are influenced by macroeconomic factors such as inflation and interest rates, wage growth and unemployment levels, recession risks, competition within the restaurant industry, evolving consumer preferences, changes in taxation and major geopolitical developments, including tariffs;
- restaurant level success being impacted by supply chain disruptions, labour availability, rising input costs and other operational challenges;
- estimates relating to the amount and timing of cash flows related to BPI's contractual obligations and commercial commitments;
- adjustments to Additional Entitlements that are to occur in the future and when such adjustments will occur;
- that BPI has sufficient cash and capital resources for 2025, and that its current sources of liquidity are sufficient to cover its currently known short and long-term obligations;
- debt of franchisees of BP Canada LP, including degree of debt leverage and interest rate risk;
- BPI constantly monitoring its operations and cash flows to ensure that current and future obligations will be met;
- the Trustees continuing to monitor the Fund's available cash balances and distribution levels to maintain a stable and sustainable return for the Unitholders;
- that BPI's and BP Canada LP's aggressive enhancement and promotion of the Boston Pizza brand enhances profitability and facilitates growth of Boston Pizza;
- BPI and BP Canada LP's ability to implement strategies driving higher guest traffic and increased average cheque levels;

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### BOSTON PIZZA INTERNATIONAL INC.

For the three-month and six-month periods ended June 30, 2025

- the ability to leverage a larger marketing budget along with a revised calendar of national and local store promotions; and
- BPI's management remaining proactive and committed to adjusting its business strategy to effectively address challenges and sustain positive sales momentum in 2025.

The forward-looking information disclosed herein is based on a number of assumptions including, among other things:

- absence of amendments to material contracts;
- accuracy of third-party forecasts, research and market intelligence;
- absence of changes in law;
- protection of BP Rights;
- expectations of future supply and pace of commercial real estate development;
- franchisees' and potential franchisees' access to financing;
- franchisees duly paying franchise fees and other obligations;
- there will be no closures of Boston Pizza Restaurants that materially affect the amount of Royalty paid by BPI to Royalties LP or the amount of Distributions paid by BP Canada LP to Holdings LP;
- future results being similar to historical results;
- expectations related to future general economic conditions;
- the impact of and response to changing competitive landscapes and guest behaviours;
- the success and impact of Boston Pizza's promotional, sales and marketing tactics;
- strategies and efforts to strive for profitability of BPI, BP Canada LP and Boston Pizza Restaurants;
- ethical and sustainable business practices and strategies;
- the public and guest perception of Boston Pizza;
- management of BPI and BP Canada LP maintaining current strategies to drive higher guest traffic and higher average guest cheques;
- Boston Pizza Restaurants maintaining operational excellence;
- continuing surplus kitchen capacity at Boston Pizza Restaurants;
- Boston Pizza's ability to remain relevant and attractive to guests;
- continued support of Canadian brands like Boston Pizza;
- culinary innovation and menu re-pricing;
- continuing operations of key suppliers;
- availability of experienced management and hourly employees;
- the absence of significant supply chain interruptions;
- ability to respond to, address or mitigate fluctuating interest rates, increasing input costs, labour shortages and sustainability or climate-related issues, including extreme weather events;
- ability to obtain qualified franchisees;
- ability to open sufficient new Boston Pizza Restaurants to replace Franchise Sales of Closed Restaurants;
- ability to comply with disclosure obligations pursuant to franchise laws and regulations;
- ability to comply with federal, provincial and local laws and regulations;
- ability to obtain and maintain the necessary licenses, permits and approvals;
- ability to maintain "brand equity", intellectual property and trademark rights;
- ability to obtain and maintain adequate insurance coverage;
- ability to manage liquidity, indebtedness and avoid events of default;
- ability to enter into arrangements with suppliers and distributors to generate competitive pricing for franchisees and revenue for BP Canada LP;
- ability to maintain a stable supply chain;
- ability to source raw materials within Canada which are not subject to counter-tariffs;
- ability to attract and retain qualified employees, key personnel and qualified franchisees and operators;
- ability to manage cybersecurity and privacy risks;
- ability to invest and incorporate new equipment and technology;
- ability to adapt to changes in operating environments and economic conditions;
- ability to manage future tax obligations and laws;

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
BOSTON PIZZA INTERNATIONAL INC.**

**For the three-month and six-month periods ended June 30, 2025**

- BPI and BP Canada LP's competitive strengths;
- ability to cover forecasted expenditures, capital requirements, commitments and repayments for 2025;
- current sources of liquidity are sufficient to cover currently known short and long term obligations;
- estimates and judgements used in accounting based on historical experiences, knowledge of economics, market factors and restaurant industry;
- franchisees' ability to operate restaurants in a manner consistent with BPI's standards; and
- no breaches by the Fund, its subsidiaries, BPI or BPI's subsidiaries of any covenants in any material contract to which it is party.

This forward-looking information involves a number of risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any results, performance or achievements expressed or implied by the forward-looking information contained herein including, but not limited to:

- competition;
- consumer spending habits;
- consumer demand in the retail sector;
- household debt;
- weather;
- climate change;
- pricing;
- changes in demographic trends;
- changes in consumer preferences and discretionary spending patterns;
- changes in national and local business and economic conditions;
- changes in the supply and sourcing of agricultural products and input materials;
- legislation and government regulation;
- employee claims and related liability;
- cash distributions are not guaranteed;
- financial reporting and accounting controls, policies and practices;
- the results of operations and financial conditions of franchisees, BPI, BP Canada LP and the Fund;
- inflation and interest rates;
- food safety
- labour availability, cost and efficiency;
- legal and regulatory risks, including regulations governing food services and alcoholic beverages, laws concerning employees, sales tax regulations, regulations governing franchises, intellectual property;
- disease outbreaks;
- Boston Pizza Restaurant closures and openings;
- successful challenge of the BP Rights;
- adequacy and availability of insurance coverage;
- indebtedness of BPI;
- indebtedness of franchisees;
- increases in sales tax;
- litigation against franchisees;
- inability to attract and retain key personnel and dependence on such key personnel;
- cybersecurity, system failure and data breaches, failure of information technology to remain current and satisfy future needs;
- environmental, social and governance matters;
- franchisee relations;
- growth of Royalty and distribution income, franchisee performance and closing of Boston Pizza Restaurants;
- availability and quality of raw materials, supply chain, vendor dependency and ethical and sustainable sourcing;
- adverse effects of actual or alleged incidents and the impact of media, publicity and social media;
- higher menu prices and menu inflation;
- Boston Pizza Restaurant closures and openings;
- debt of franchisees of BP Canada LP, including degree of debt leverage and interest rate risk; and

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **BOSTON PIZZA INTERNATIONAL INC.**

**For the three-month and six-month periods ended June 30, 2025**

- global disruptions, including geopolitical events, trade tariffs and counter-tariffs, war or hostilities, terrorist or military activities, or natural disasters.

The foregoing list of factors is not exhaustive and should be considered in conjunction with the Risks & Risk Management section out in this MD&A.

This MD&A discusses some of the factors that could cause actual results to differ materially from those expressed in or underlying such forward-looking information. Forward-looking information is provided as of the date hereof and, except as required by law, BPI assumes no obligation to update or revise forward-looking information to reflect new events or circumstances.

Condensed Consolidated Interim Financial Statements of

**BOSTON PIZZA INTERNATIONAL INC.**

Three and six months ended June 30, 2025 and 2024  
(Unaudited)

**BOSTON PIZZA INTERNATIONAL INC.**  
**Condensed Consolidated Interim Statements of Financial Position**  
(Expressed in thousands of Canadian dollars)  
(Unaudited)

	June 30, 2025	December 31, 2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 10,693	\$ 18,528
Accounts and other receivables ( <i>notes 3 and 12</i> )	12,467	10,673
Prepaid expenses and other current assets	720	510
Income tax receivable	-	36
Advertising fund restricted assets	14,373	14,577
Interest receivable from Boston Pizza Royalties Limited Partnership	-	357
	<u>38,253</u>	<u>44,681</u>
Investment in Boston Pizza Royalties Limited Partnership ( <i>note 4</i> )	48,009	42,491
Property and equipment	4,146	4,655
Intangible assets	4,169	3,963
Deferred income taxes	60,647	61,650
<b>Total assets</b>	<u>\$ 155,224</u>	<u>\$ 157,440</u>
<b>Liabilities and Shareholder Deficiency</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities ( <i>note 12</i> )	\$ 6,911	\$ 10,075
Income tax payable	379	-
Royalty and distributions payable to the Fund ( <i>note 12</i> )	4,739	4,435
Deferred revenue	1,966	1,374
Debt ( <i>note 5</i> )	1,536	1,536
Lease obligation	409	470
Advertising fund restricted liabilities	16,742	13,599
	<u>32,682</u>	<u>31,489</u>
Deferred revenue	1,577	1,570
Debt ( <i>note 5</i> )	5,100	8,368
Lease obligation	2,053	2,219
Advertising fund restricted liabilities	3,579	4,054
Other long-term liabilities	923	1,475
Boston Pizza Canada Limited Partnership units liability ( <i>note 6</i> )	141,065	128,681
Deferred gain ( <i>note 7</i> )	214,953	216,366
<b>Total liabilities</b>	<u>401,932</u>	<u>394,222</u>
<b>Shareholder deficiency</b>		
Share capital	33,248	38,248
Accumulated deficit	(279,956)	(275,030)
	<u>(246,708)</u>	<u>(236,782)</u>
<b>Total liabilities and shareholder deficiency</b>	<u>\$ 155,224</u>	<u>\$ 157,440</u>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**BOSTON PIZZA INTERNATIONAL INC.**  
**Condensed Consolidated Interim Statements of Net and Comprehensive (Loss) Income**  
**For the three and six months ended June 30, 2025 and 2024**  
(Expressed in thousands of Canadian dollars, except per share data)  
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
<b>Revenue</b>				
Franchise, restaurant and other	\$ 24,696	\$ 23,946	\$ 47,335	\$ 45,324
Advertising fund revenue	7,618	7,086	14,064	13,453
	32,314	31,032	61,399	58,777
Royalty expense (note 12)	10,072	9,472	19,318	18,353
Distribution expense (notes 6 and 12)	3,306	3,111	6,342	6,030
Restaurant operating costs	574	540	1,109	1,091
Compensation expense	5,520	4,952	11,005	10,360
Advertising fund expense	8,562	8,733	16,936	15,435
Other expenses (note 10)	1,635	4,516	2,905	5,272
Depreciation and amortization	637	574	1,249	1,174
Management fee (note 12)	500	500	1,000	1,000
Amortization of deferred gain (note 7)	(707)	(707)	(1,413)	(1,413)
Operating expenses	30,099	31,691	58,451	57,302
<b>Earnings (loss) before interest, fair value loss and taxes</b>	2,215	(659)	2,948	1,475
Interest income from Boston Pizza Royalties Limited Partnership	(1,046)	(1,063)	(1,776)	(1,792)
Interest income on cash and cash equivalents	(101)	(123)	(282)	(285)
Interest on debt and financing costs	125	200	263	410
Interest on lease obligations	33	32	67	62
Net interest income	(989)	(954)	(1,728)	(1,605)
Fair value gain on investment in Boston Pizza Royalties Limited Partnership (note 4)	(6,369)	(656)	(5,518)	(1,604)
Fair value loss on Boston Pizza Canada Limited Partnership units liability (note 6)	14,294	1,473	12,384	3,601
Total fair value loss	7,925	817	6,866	1,997
<b>(Loss) earnings before income taxes</b>	(4,721)	(522)	(2,190)	1,083
Current income tax expense (note 9)	1,382	398	1,733	918
Deferred income tax expense (recovery) (note 9)	1,144	(496)	1,003	(74)
Total tax expense (recovery)	2,526	(98)	2,736	844
<b>Net and comprehensive (loss) income for the period</b>	\$ (7,247)	\$ (424)	\$ (4,926)	\$ 239
Basic and diluted (loss) income per share	\$ (73.88)	\$ (4.32)	\$ (50.22)	\$ 2.44

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**BOSTON PIZZA INTERNATIONAL INC.**  
**Condensed Consolidated Interim Statements of Changes in Shareholder Deficiency**  
**For the six months ended June 30, 2025 and 2024**  
(Expressed in thousands of Canadian dollars)  
(Unaudited)

	Share Capital	Accumulated Deficit	Total Deficiency
<b>Balance – December 31, 2024</b>	\$ 38,248	\$ (275,030)	\$ (236,782)
Return of capital ( <i>note 11</i> )	(5,000)	-	(5,000)
Net and comprehensive loss for the period	-	(4,926)	(4,926)
<b>Balance – June 30, 2025</b>	\$ 33,248	\$ (279,956)	\$ (246,708)
<b>Balance – December 31, 2023</b>	\$ 38,248	\$ (277,730)	\$ (239,482)
Net and comprehensive income for the period	-	239	239
<b>Balance – June 30, 2024</b>	\$ 38,248	\$ (277,491)	\$ (239,243)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**BOSTON PIZZA INTERNATIONAL INC.**  
**Condensed Consolidated Interim Statements of Cash Flows**  
**For the three and six months ended June 30, 2025 and 2024**  
(Expressed in thousands of Canadian dollars)  
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
<b>Cash flows generated from (used in)</b>				
<b>Operating activities</b>				
Net and comprehensive (loss) income	\$ (7,247)	\$ (424)	\$ (4,926)	\$ 239
Adjustments for:				
Depreciation and amortization	637	574	1,249	1,174
Current income tax expense (note 9)	1,382	398	1,733	918
Deferred income tax (recovery) expense (note 9)	1,144	(496)	1,003	(74)
Amortization of deferred gain (note 7)	(707)	(707)	(1,413)	(1,413)
Fair value gain on investment in Boston Pizza Royalties Limited Partnership (note 4)	(6,369)	(656)	(5,518)	(1,604)
Fair value loss on Boston Pizza Canada Limited Partnership units liability (note 6)	14,294	1,473	12,384	3,601
Interest income from Boston Pizza Royalties Limited Partnership	(1,046)	(1,063)	(1,776)	(1,792)
Interest on debt and financing costs	125	200	263	410
Interest on lease obligations	33	32	67	62
Change in non-cash working capital (note 13)	1,630	2,392	(2,083)	(4,003)
Income tax paid	(695)	(716)	(1,345)	(1,395)
Income tax received	27	-	27	-
<b>Net cash generated from (used in) operating activities</b>	<b>3,208</b>	<b>1,007</b>	<b>(335)</b>	<b>(3,877)</b>
<b>Financing activities</b>				
Return of capital (note 11)	-	-	(5,000)	-
Repayment of debt (note 5)	(2,900)	(400)	(3,300)	(800)
Payment of debt financing costs	-	(4)	-	(4)
Interest paid on debt, revolving facility and leases	(142)	(218)	(298)	(441)
Lease obligations payments, net of receipt of tenant inducement	(114)	722	(227)	604
<b>Net cash (used in) generated from financing activities</b>	<b>(3,156)</b>	<b>100</b>	<b>(8,825)</b>	<b>(641)</b>
<b>Investing activities</b>				
Interest received from investment in Boston Pizza Royalties Limited Partnership	1,046	1,063	2,133	2,115
Purchase of property and equipment, net	(25)	(160)	(34)	(425)
Purchase of intangible assets, net	(379)	(154)	(774)	(324)
<b>Net cash generated from investing activities</b>	<b>642</b>	<b>749</b>	<b>1,325</b>	<b>1,366</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>694</b>	<b>1,856</b>	<b>(7,835)</b>	<b>(3,152)</b>
<b>Cash and cash equivalents – beginning of period</b>	<b>9,999</b>	<b>7,024</b>	<b>18,528</b>	<b>12,032</b>
<b>Cash and cash equivalents – end of period</b>	<b>\$ 10,693</b>	<b>\$ 8,880</b>	<b>\$ 10,693</b>	<b>\$ 8,880</b>

Supplemental cash flow information (note 13)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**BOSTON PIZZA INTERNATIONAL INC.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three and six months ended June 30, 2025 and 2024**  
(in thousands of Canadian dollars, except where noted)  
(Unaudited)

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**1. Organization and nature of operations:**

These condensed consolidated interim financial statements include the accounts of Boston Pizza International Inc., its wholly-owned subsidiaries Laval Corporate Training Centre Inc., Front & John Pizza Ltd., Stadium District Pizza Ltd., Boston Pizza Canada Holdings Partnership (“**BPCHP**”) and Boston Pizza Canada Holdings Inc. (“**BPCHI**”), and the accounts of Boston Pizza Canada Limited Partnership (“**BP Canada LP**”), collectively the “**Company**” or “**BPI**”.

**2. Basis of presentation and material accounting policies**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (“**IASB**”). These statements represent a “condensed set of financial statements” and accordingly do not include all of the information required for annual financial statements. Certain disclosures included in the annual financial statements prepared in accordance with IFRS Accounting Standards (“**IFRS**”) as issued by the IASB have been condensed or omitted. Accordingly, these statements should be read in conjunction with the Company’s most recent annual financial statements as at and for the year ended December 31, 2024.

The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2024.

These condensed consolidated interim financial statements were approved by the Director on August 13, 2025.

**BOSTON PIZZA INTERNATIONAL INC.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three and six months ended June 30, 2025 and 2024**  
(in thousands of Canadian dollars, except where noted)  
(Unaudited)

**3. Accounts and other receivables**

	June 30, 2025	December 31, 2024
Trade receivables and other (net of allowance)	\$ 10,724	\$ 10,560
Receivables due from associated companies	1,743	113
<b>Total receivables</b>	<b>\$ 12,467</b>	<b>\$ 10,673</b>

The aging of accounts and other receivables (net of allowance) at the reporting dates are as follows:

	June 30, 2025	December 31, 2024
Current	\$ 11,399	\$ 9,170
Past due 1-30 days	506	463
Past due 31-60 days	113	705
Past due 61-90 days	157	255
Past due over 90 days	292	80
	<b>\$ 12,467</b>	<b>\$ 10,673</b>

Trade receivables from franchisees are classified as long-term when payment is expected to take longer than twelve months. The Company makes every effort to collect all long-term receivable balances, including establishing payment plans with existing franchisees. At June 30, 2025 the long-term receivables, net of allowance, were nil (December 31, 2024 – nil).

The allowance for doubtful accounts was \$1.9 million at June 30, 2025 (December 31, 2024 – \$1.9 million), with \$1.0 million (December 31, 2024 – \$1.1 million) applied against short-term trade receivables and \$0.9 million against long-term trade receivables (December 31, 2024 – \$0.8 million). The Company's collections policy is to first apply cash receipts against the oldest outstanding invoices.

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**4. Investment in Boston Pizza Royalties Limited Partnership**

The investment in Boston Pizza Royalties Limited Partnership (“**Royalties LP**”) is principally comprised of Class B general partnership units (“**Class B Units**”). The value of additional Boston Pizza restaurants rolled into the Fund’s royalty pool (“**Royalty Pool**”), as defined in the License and Royalty Agreement between Royalties LP and BPI (the “**License and Royalty Agreement**”), is also recognized proportionally within the Company’s investment in Royalties LP through the additional entitlement of Class B Units.

The investment in Royalties LP is comprised of:

	Issued and outstanding additional entitlements	Issued and outstanding additional entitlements including holdback		Class B Unit entitlement
Balance at December 31, 2024	2,430,823	2,430,823	\$	42,491
Class B additional entitlements granted January 1, 2025 <sup>(1)</sup>	-	-		-
Fair value gain on Class B Units ( <i>note 8(a)(i)</i> )				5,518
<b>Balance at June 30, 2025</b>	<b>2,430,823</b>	<b>2,430,823</b>	<b>\$</b>	<b>48,009</b>

<sup>(1)</sup> On January 1, 2025, the four new Boston Pizza restaurants that opened across Canada between January 1, 2024 and December 31, 2024 were added to the Royalty Pool and the four Boston Pizza restaurants that permanently closed during 2024 were removed from the Royalty Pool. The estimated net Franchise Sales from the four new Boston Pizza restaurants less the four Boston Pizza restaurants that permanently closed is negative \$4.0 million. This resulted in negative estimated royalty and distribution income to the Fund of \$0.2 million (the “**Deficiency**”). As a result of the Deficiency, BPI did not receive any Class B additional entitlements on January 1, 2025. However, BPI did not lose any of the additional entitlements it received in the previous years. Instead, BPI will be required to make-up the cumulative Deficiency for 2020 through 2024 (total of \$2.2 million) on future adjustment dates by first adding royalty and distribution income in an amount equal to the Deficiency before receiving any further Class B additional entitlements.

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**5. Debt**

The Company's debt consists of:

	June 30, 2025	December 31, 2024
Term Loan bearing variable interest at CORRA plus the applicable CSA, plus between 1.25% and 2.10% per annum and due in 2026	\$ 6,700	\$ 10,000
Deferred financing fees	(64)	(96)
	6,636	9,904
Current portion of debt	1,600	1,600
Current portion of deferred financing fees	(64)	(64)
	\$ 5,100	\$ 8,368

BPI has credit facilities with a Canadian chartered bank (the "**Bank**") in the amount of up to \$16.7 million expiring on July 1, 2026 (the "**Credit Facilities**"). The Credit Facilities are comprised of:

- (i) a \$10.0 million committed revolving facility to cover BPI's day-to-day operating requirements if needed (the "**Operating Line**"); and
- (ii) a \$6.7 million committed non-revolving term facility that was used to finance the reorganization of BPI and its shareholders that completed on September 30, 2017 (the "**Term Loan**").

The Credit Facilities bear interest at variable interest rates as selected by BPI. In the case of Canadian prime rate loans, the interest rate is equal to the Bank's prime rate plus between 0.00% and 0.90% (depending on BPI's total funded net debt to EBITDA ratio) and, in the case of Canadian Overnight Repo Rate Average ("**CORRA**") loans, the interest rate is equal to (i) CORRA; plus (ii) a credit spread adjustment ("**CSA**") of either 0.29547% or 0.32138% depending upon whether the CORRA loan has a one-month or three-month interest period; plus (iii) between 1.25% and 2.10% (depending on BPI's total funded net debt to EBITDA ratio). The principal amount drawn on the Term Loan must be reduced by quarterly payments of \$0.4 million each.

The Credit Facilities are guaranteed by all of BPI's subsidiaries except BP Canada LP, and BPI and each of those subsidiaries have granted general security over their assets to secure their obligations under the Credit Facilities and such guarantees. No security has been given by BP Canada LP in respect of the Credit Facilities. Neither the Fund nor any of its subsidiaries has guaranteed or provided any security in respect of the Credit Facilities. BPI and each of BPI's subsidiaries (including BP Canada LP) have also granted Royalties LP security over their assets to secure BPI's and BP Canada LP's obligations to pay Royalty and Distribution.

During the three-month period ending June 30, 2025, BPI made a voluntary payment of \$2.5 million to the Term Loan, in addition to the required payment of \$0.4 million. As of June 30, 2025, no amount was drawn on the Operating Line and \$6.7 million was drawn on the Term Loan.

BPI was in compliance with all of its financial covenants and financial condition tests as of June 30, 2025.

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**6. Boston Pizza Canada Limited Partnership Units Liability**

*Limited partnership units*

BP Canada LP units liability is comprised of Class 1 limited partnership units (“**Class 1 LP Units**”) and Class 2 limited partnership units (“**Class 2 LP Units**”). The Class 1 LP and Class 2 LP Units are held indirectly by the Fund and entitle the Fund to a cash distribution equal to 1.5% of franchise sales of Boston Pizza restaurants in the Royalty Pool, less the pro rata portion payable to BPI in respect of its retained interest in the Fund.

	Issued and outstanding LP Units		BP Canada LP Units Liability
<b>Class 1 LP Units</b>			
Class 1 LP Units at December 31, 2024 and June 30, 2025	1,000	\$	33,314
<b>Class 2 LP Units</b>			
Class 2 LP Units	5,455,762	\$	114,113
Fair value gain on Class 2 LP Units - cumulative			(18,746)
Class 2 LP Units Balance at December 31, 2024	5,455,762		95,367
Fair value loss on Class 2 LP Units ( <i>note (8)(a)(iii)</i> )			12,384
Class 2 LP Units balance at June 30, 2025	5,455,762	\$	107,751
Total LP Units balance at June 30, 2025		\$	141,065

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**6. Boston Pizza Canada Limited Partnership units liability (continued)**

*General partnership units*

BPI receives its proportionate share of the 1.5% of franchise sales of Boston Pizza restaurants in the Royalty Pool through distributions on Class 2 general partnership units (“**Class 2 GP Units**”) of BP Canada LP that are exchangeable for units of the Fund (“**Fund Units**”). These units are eliminated upon consolidation with BP Canada LP. The Company continues to pay the Fund the balance of the Fund’s interest in franchise sales of Royalty Pool restaurants (“**Franchise Sales Participation**”) in the form of royalty.

BPI also has the right to further increase the Fund’s Franchise Sales Participation by up to an additional 1.5% of franchise sales of Royalty Pool restaurants (in 0.5% increments) upon meeting certain financial thresholds designed to ensure that the additional Franchise Sales Participation is accretive to the Fund and that BPI retains the financial capacity to satisfy its obligations to the Fund.

At June 30, 2025, BPI has the right to receive the following Fund Units when it exercises its rights to exchange its Class 2 GP Units into Fund Units:

	Issued and outstanding Class 2 GP additional entitlements	Issued and outstanding Class 2 GP additional entitlements including Class 2 GP holdback
Balance at December 31, 2024	831,354	831,354
Class 2 GP additional entitlements granted January 1, 2025 <sup>(1)</sup>	-	-
Balance at June 30, 2025	831,354	831,354

<sup>(1)</sup> As a result of the Deficiency for 2024, BPI did not receive any Class 2 GP additional entitlements on January 1, 2025. BPI will be required to make-up the cumulative Deficiency for 2020 through 2024 (total of \$2.2 million) on future adjustment dates by first adding royalty and distribution income in an amount equal to the Deficiency before receiving any further Class 2 GP additional entitlements.

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**7. Deferred gain**

The gain realized on the sale of the trademarks and trade names used in connection with the operation of Boston Pizza restaurants in Canada to Royalties LP (collectively, the “**BP Rights**”) is being deferred and amortized over the 99 years term of the License and Royalty Agreement. In return for adding net franchise sales to the Royalty Pool, Boston Pizza receives Class B additional entitlements which are included in the deferred gain.

Balance – January 1, 2025	\$	216,366
Class B additional entitlements <sup>(1)</sup>		-
Amortization of deferred gain		(1,413)
<b>Balance – June 30, 2025</b>	<b>\$</b>	<b>214,953</b>

<sup>(1)</sup> No Class B additional entitlements were issued to BPI since a Deficiency existed in respect of the January 1, 2025 adjustment date (see *note 4*).

The following table summarizes the number of Class B additional entitlements received by the Company in return for the net franchise sales added to the Royalty Pool from the net restaurant changes on January 1:

	January 1, 2025	January 1, 2024
Restaurants in Royalty Pool	372 <sup>(1)</sup>	372
Estimated Franchise Sales from adjustments to Royalty Pool <sup>(2)</sup>	\$ (4,005)	\$ (7,868)
Class B Units Additional Entitlement (including Holdbacks) <sup>(1)</sup>	0 units	0 units
Class B Holdback (20% of total entitlement) <sup>(3)</sup>	0 units	0 units
Adjustment to prior year Class B additional entitlement <sup>(4)</sup>	0 units	0 units

<sup>(1)</sup> On January 1, 2025, the four new Boston Pizza restaurants that opened across Canada between January 1, 2024 and December 31, 2024 were added to the Royalty Pool and the four Boston Pizza restaurants that permanently closed during 2024 were removed from the Royalty Pool. Accordingly, the total number of restaurants in the Royalty Pool remained unchanged. The estimated net Franchise Sales from the four new Boston Pizza restaurants less the four Boston Pizza restaurants that permanently closed is negative \$4.0 million. This resulted in negative estimated Royalty and Distribution to the Fund of \$0.2 million. As a result of the Deficiency, BPI did not receive any additional entitlements on January 1, 2025.

<sup>(2)</sup> In February 2025, an audit of Franchise sales of the one new Boston Pizza restaurant that was added to the Royalty pool on January 1, 2024 was performed. The original Franchise Sales expected to be generated from this one new Boston Pizza restaurant less the Franchise Sales from the six Boston Pizza Restaurants that closed in 2024 was negative \$7.5 million. The actual Franchise Sales generated from this one new Boston Pizza restaurant after subtracting the Franchise Sales from the six Boston Pizza Restaurants that closed in 2024 was \$0.4 million less.

<sup>(3)</sup> Unissued and not eligible for exchange into Fund Units until January 1 of next year.

<sup>(4)</sup> Adjusted for actual performance of new restaurants added to the Royalty Pool and actual effective tax rate of the Fund.

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**8. Financial instruments and related risks**

(a) Financial assets and liabilities by categories and fair value information:

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in profit and loss or other comprehensive income in the statement of comprehensive (loss) income. Those categories are: amortized cost, fair value through profit or loss and fair value through comprehensive (loss) income.

Estimated fair values for financial instruments are designed to approximate amounts for which the instruments could be exchanged in a current arm's-length transaction between knowledgeable, willing parties. During the period ended June 30, 2025, there were no transfers between Level 1 and Level 2 for financial instruments measured at fair value through profit and loss.

The following table shows the carrying amount of assets and liabilities for each of these categories at June 30, 2025 and December 31, 2024. Unless otherwise noted, the fair values on the instruments approximate their carrying amount.

			June 30, 2025	December 31, 2024
<b>Fair value through profit and loss</b>				
Class B Units Investment in Royalties LP <sup>(i)</sup>	Level 2	\$	48,009	\$ 42,491
Class 1 LP BP Canada LP units liability <sup>(ii)</sup>	Level 2	\$	(33,314)	\$ (33,314)
Class 2 LP BP Canada LP units liability <sup>(iii)</sup>	Level 2	\$	(107,751)	\$ (95,367)
<b>Amortized cost</b>				
Cash		\$	10,693	\$ 18,528
Accounts receivable		\$	12,467	\$ 10,673
Interest receivable Royalties LP		\$	-	\$ 357
Accounts payable and accrued liabilities		\$	(6,911)	\$ (10,075)
Royalty and distributions payable to the Fund		\$	(4,739)	\$ (4,435)
Debt		\$	(6,636)	\$ (9,904)
Lease obligations		\$	(2,462)	\$ (2,689)
Other long-term liabilities		\$	(923)	\$ (1,475)

(i) The Class B Units are exchangeable for Fund Units, and therefore, the fair value of a Class B Unit is estimated to be equivalent to the fair value of a Fund Unit for which Class B Units are exchangeable. The Company estimates the fair value of its Class B units liability by multiplying the issued and outstanding Class B additional entitlements (including Class B holdback) held by BPI at the end of the period by the closing price of the Fund Units on the last business day of the period. As at June 30, 2025, the closing price of a Fund Unit was \$19.75 (March 31, 2025 – \$17.13, December 31, 2024 – \$17.48) while the number of Fund Units BPI would be entitled to receive if it exchanged all of its Class B Units (including Class B holdback) was 2,430,823 (March 31, 2025 and December 31, 2024 – 2,430,823) resulting in a fair value of \$48.0 million (March

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**8. Financial instruments and related risks (continued)**

(a) Financial assets and liabilities by categories and fair value information (continued):

31, 2025 – \$41.6 million, December 31, 2024 – \$42.5 million). For the three months ended June 30, 2025, the increase of \$6.4 million is comprised of fair value gain (June 30, 2024 – \$0.7 million). For the six months ended June 30, 2025, the increase of \$5.5 million is comprised of fair value gain (June 30, 2024 – \$1.6 million). This valuation technique may not represent the actual value of the financial asset should such Class B Units be exchanged.

(ii) The Class 1 LP Units are entitled to distributions with respect to the interest cost incurred on a certain credit facility held by the Fund. Thus, the fair value of the Class 1 LP Units is estimated using a market-corroborated input (interest rate on the credit facility). The Company estimates the fair value of Class 1 LP Units at carrying value adjusted for interest rate risk.

(iii) The Class 2 LP Units have similar cash distribution entitlements and provisions to the Class 2 GP Units held by BPI, which are exchangeable for Fund Units. The fair value of the Class 2 LP Units is determined by multiplying the issued and outstanding Class 2 LP Units indirectly held by the Fund at the end of the period by the closing price of a Fund Unit on the last business day of the period. As at June 30, 2025, the closing price of a Fund Unit was \$19.75 (March 31, 2025 – \$17.13, December 31, 2024 – \$17.48) while the number of issued and outstanding Class 2 LP Units held by the Fund was 5,455,762 (March 31, 2025 and December 31, 2024 – 5,455,762) resulting in a Class 2 LP Units fair value of \$107.8 million (March 31, 2025 – \$93.5 million, December 31, 2024 – \$95.4 million). The fair value loss on the Class 2 LP units liability for the three months ended June 30, 2025 was \$14.3 million (June 30, 2024 – \$1.5 million). The fair value loss on the Class 2 LP units liability for the six months ended June 30, 2025 was \$12.4 million (June 30, 2024 – \$3.6 million).

(b) Financial Instruments and related risk:

*Liquidity risk*

Liquidity risk results from the Company's potential liability to meet its financial obligations. The Company constantly monitors its operations and cash flows to ensure that its current and future obligations will be met. The Company believes that its current sources of liquidity are sufficient to cover its currently known short- and long-term cash obligations.

*Credit risk*

Credit risk is defined as the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's cash, trade accounts receivable and long-term receivables from companies under common control. The Company's maximum exposure to credit risk at June 30, 2025 is the value of its current and non-current accounts and other receivables of \$14.4 million (December 31, 2024 – \$12.6 million). The allowance for doubtful accounts was \$1.9 million at June 30, 2025 (December 31, 2024 – \$1.9 million).

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**9. Income taxes**

Income tax expense as reported differs from the amount that would be computed by applying the combined Federal and Provincial statutory income tax rates to earnings before income taxes. The reasons for the differences are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
(Loss) earnings before income taxes	\$ (4,721)	\$ (522)	\$ (2,190)	\$ 1,083
Combined Canadian federal and provincial tax rates	26.8%	26.8%	26.8%	26.8%
Computed expected tax (recovery) expense	(1,265)	(140)	(587)	290
Increased (reduced) by:				
Permanent differences	34	25	57	(46)
Fair value adjustment on BP Canada LP units liability	3,833	232	3,321	966
Valuation allowance on investment in Royalties LP	-	(160)	-	(324)
Difference from rates other than statutory rate	(97)	(10)	(78)	(20)
Other	21	(45)	23	(22)
Income tax expense (recovery)	\$ 2,526	\$ (98)	\$ 2,736	\$ 844

**10. Other expenses**

The following are the components of other expenses:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Travel	\$ 515	\$ 480	\$ 902	\$ 889
Marketing & advertising	242	3,325	476	3,380
Research & development	208	114	398	205
Office, rent & utilities	188	136	344	279
Professional fees	141	172	295	311
Other	341	289	490	208
	\$ 1,635	\$ 4,516	\$ 2,905	\$ 5,272

**11. Return of Capital**

On February 18, 2025, the Company paid a return of capital of \$5.0 million on the issued and outstanding Common shares held by its sole shareholder, James Treliving Holdings Ltd.

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**12. Related party and subsidiary transactions**

The following are components of related party and subsidiary transactions:

		June 30, 2025	December 31, 2024
Accounts receivables due from associated companies	\$	1,743	\$ 113
Interest receivable from Royalties LP		-	357
Accounts payable due to associated companies		-	440
Royalty payable to Royalties LP		3,611	3,378
Distributions payable to Holdings LP		1,128	1,057

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Fees charged to the Fund in respect of administrative services <sup>(1)</sup>	\$ 113	\$ 111	\$ 227	\$ 222
Royalty expense to the Fund	10,072	9,472	19,318	18,353
Distribution expense to the Fund	3,306	3,111	6,342	6,030
Management fees paid to a company under common control	500	500	1,000	1,000
Interest income from Royalties LP	(1,046)	(1,063)	(1,776)	(1,792)

<sup>(1)</sup> The Fund has engaged Royalties LP, its administrator, to provide certain administrative services on behalf of the Fund. In turn, certain of the administrative services are performed by BPI as a general partner of Royalties LP and are included in Franchise, restaurant and other revenue.

**13. Supplemental cash flow information**

(a) Change in non-cash operating items:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Accounts receivable	\$ (1,177)	\$ (3,488)	\$ (1,794)	\$ (3,395)
Prepaid expenses and other current assets	116	4,330	(210)	1,988
Advertising fund restricted assets	698	1,631	204	3,647
Accounts payable and accrued liabilities	989	357	(3,854)	(4,508)
Royalty and distributions payable to Fund	187	263	304	150
Advertising fund restricted liabilities	246	16	2,668	(1,655)
Deferred revenue	571	(717)	599	(220)
	\$ 1,630	\$ 2,392	\$ (2,083)	\$ (4,003)

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**13. Supplemental cash flow information (continued)**

(b) Supplementary information:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2025	2024	2025	2024
<b>Non-cash transactions:</b>				
Property & equipment additions included in accounts payable	\$ 3	\$ (7)	\$ -	\$ (13)
Intangible asset additions included in accounts payable	(32)	(16)	(138)	(39)
Deferred financing costs included in accounts payable	-	(11)	-	(11)
Amortization of deferred financing costs, net against debt	(16)	(15)	(32)	(29)
Lease obligation non-cash adjustments	-	(10)	-	(7)

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**BOSTON PIZZA ROYALTIES INCOME FUND**

**UNITHOLDER INFORMATION**

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**TRUSTEES OF THE FUND**

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Trustee\*, Chairman of the Fund

**Paulina Hiebert**  
Trustee\*

**Shelley Williams**  
Trustee\*

**TRANSFER AGENT**  
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**STOCK EXCHANGE LISTING**  
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**DIRECTORS OF BOSTON PIZZA GP INC. –  
THE MANAGING GENERAL PARTNER OF  
BOSTON PIZZA ROYALTIES LIMITED PARTNERSHIP**

**Marc Guay**  
Director\*

**Paulina Hiebert**  
Director\*

**Shelley Williams**  
Director\*

**Jordan Holm**  
Director  
President

**Michael Harbinson**  
Director  
Chief Financial Officer

\* Audit Committee and Governance, Nominating  
and Compensation Committee



**Marc Guay**



**Paulina Hiebert**



**Shelley Williams**



**Jordan Holm**



**Michael Harbinson**



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