

Consolidated Financial Statements of

BOSTON PIZZA ROYALTIES INCOME FUND

Years ended December 31, 2025 and 2024

MANAGEMENT'S STATEMENT OF RESPONSIBILITIES

The accompanying consolidated financial statements are the responsibility of management and have been reviewed and approved by the Trustees of Boston Pizza Royalties Income Fund (the "Fund"). The consolidated financial statements have been prepared by management in accordance with IFRS Accounting Standards and, where appropriate, reflect management's best estimates and judgments.

Management maintains appropriate policies, procedures and systems of internal control which provide reasonable assurance that the Fund's assets are safeguarded and the financial records are relevant, reliable, and provide a proper basis for the preparation of the consolidated financial statements and other financial information.

The Board of Directors of Boston Pizza GP Inc. and the Trustees of the Fund ensure that management fulfills its responsibilities for financial reporting and internal control through the Audit Committee. The Audit Committee meets with management and meets independently with the external auditors to satisfy itself that management's responsibilities are properly discharged. The Audit Committee also reviews the consolidated financial statements and reports to the Trustees of the Fund. The Fund's external auditors have full and direct access to the Audit Committee.

The consolidated financial statements have been independently audited by KPMG LLP in accordance with Canadian generally accepted auditing standards. Their report follows and expresses their opinion on the Fund's consolidated financial statements.



Marc Guay

Chairman, Boston Pizza Royalties Income Fund
on behalf of the Trustees

February 12, 2026



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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Boston Pizza Royalties Income Fund

Opinion

We have audited the consolidated financial statements of Boston Pizza Royalties Income Fund (the Fund), which comprise:

- the consolidated statements of financial position as at December 31, 2025 and December 31, 2024
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in unitholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Fund as at December 31, 2025 and December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of the recoverable amount of Intangible assets – BP Rights

Description of the matter

We draw attention to Notes 2(c), 3(f) and 6 of the financial statements. The Intangible assets – BP Rights are measured at historical cost and have a carrying value of \$284,188 thousand. The Fund performs an impairment test over the Intangible assets – BP Rights annually or when events or changes in circumstances indicate that the carrying value exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. In determining the recoverable amount of the Intangible assets – BP Rights, the Fund's significant assumptions include projected franchise sales by restaurants that are in the Royalty Pool and pre-tax discount rate.

Why the matter is a key audit matter

We identified the assessment of the recoverable amount of Intangible assets – BP Rights as a key audit matter. This matter represented an area of significant risk of misstatement given the high degree of estimation uncertainty in determining the recoverable amount. Minor changes in projected franchise sales by restaurants that are in the Royalty Pool and pre-tax discount rate had a significant effect on the recoverable amount. These factors indicated a significant risk of material misstatement. As a result, specialized skills and knowledge and significant auditor judgment were required in evaluating the results of our procedures.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter:

- We evaluated the appropriateness of the Fund's projected franchise sales by restaurants that are in the Royalty Pool by comparing the projected franchise sales to historical franchise sales and external industry reports. When performing this assessment, we considered specific conditions and events affecting the franchise sales.
- We compared the Fund's historical franchise sales growth rate expectations to actual results to assess the Fund's ability to accurately predict franchise sales growth.
- We involved valuation professionals with specialized skills and knowledge, who assisted in the evaluation of the pre-tax discount rate used in the determination of the recoverable amount. The valuation professionals evaluated the pre-tax discount rate by comparing it against a pre-tax discount rate range that was independently developed using publicly available market data for comparable entities. The valuation professionals considered features and risks specific to the Intangible assets – BP Rights.



Other Information

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

- the information included in Management’s Discussion and Analysis
- the information, other than the financial statements and the auditor’s report thereon, included in a document likely to be entitled “2025 Annual Report”.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management’s Discussion and Analysis ^(OB) as at the date of this auditor’s report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor’s report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor’s report thereon, included in a document likely to be entitled “2025 Annual Report” is expected to be made available to us after the date of this auditor’s report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Fund’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund’s financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is Adam Schell.

Vancouver, Canada

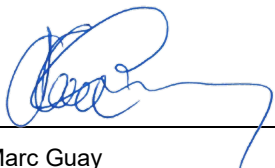
February 12, 2026

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


| | December 31, 2025 | December 31, 2024 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 3,889 | \$ 4,573 |
| Royalty receivable from Boston Pizza International Inc. (note 14) | 3,424 | 3,378 |
| Distributions receivable from Boston Pizza Canada Limited Partnership (note 14) | 1,075 | 1,057 |
| Prepaid expenses | 134 | 123 |
| Current income tax receivable (note 4) | 18 | - |
| Interest rate swaps (notes 7 and 9(iii)) | 105 | 710 |
| | 8,645 | 9,841 |
| Interest rate swaps (notes 7 and 9(iii)) | 4 | 178 |
| Investment in units of Boston Pizza Canada Limited Partnership (note 5) | 156,614 | 128,681 |
| Intangible assets – BP Rights (note 6) | 284,188 | 284,188 |
| Total assets | \$ 449,451 | \$ 422,888 |
| Liabilities and Unitholders' Equity | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 642 | \$ 668 |
| Distributions payable to Fund unitholders (note 11(c)) | 2,553 | 2,447 |
| Interest payable on Class B Units (note 14) | 377 | 357 |
| Interest rate swaps (notes 7 and 9(iii)) | 267 | 181 |
| Current income tax payable (note 4) | - | 3 |
| Class B unit liability (note 8) | 13,609 | 10,526 |
| Credit facilities (note 7) | 86,603 | - |
| | 104,051 | 14,182 |
| Interest rate swaps (notes 7 and 9(iii)) | 530 | 530 |
| Credit facilities (note 7) | - | 86,535 |
| Deferred income taxes (note 4) | 13,496 | 9,453 |
| Class B unit liability (note 8) | 41,328 | 31,965 |
| Total liabilities | 159,405 | 142,665 |
| Unitholders' equity | | |
| Fund units (note 11) | 321,044 | 321,044 |
| Accumulated deficit (note 12) | (30,998) | (40,821) |
| | 290,046 | 280,223 |
| Total liabilities and unitholders' equity | \$ 449,451 | \$ 422,888 |

Nature of operations (note 1(b)); Subsequent events (note 17)

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



Marc Guay



Shelley Williams

BOSTON PIZZA ROYALTIES INCOME FUND
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2025 and 2024
(Expressed in thousands of Canadian dollars, except per Fund Unit data)

| | 2025 | 2024 |
|---|------------|------------|
| Revenue | | |
| Royalty income <i>(note 13)</i> | \$ 39,050 | \$ 37,266 |
| Distribution income <i>(note 13)</i> | 12,837 | 12,242 |
| Total revenue | 51,887 | 49,508 |
| Administration charge from Boston Pizza International Inc. <i>(note 14)</i> | 455 | 444 |
| Professional fees | 315 | 414 |
| Other administrative expenses | 499 | 576 |
| Trustee fees and expenses | 271 | 279 |
| Total administrative expenses | 1,540 | 1,713 |
| Earnings before interest, fair value (gain) loss on financial instruments and income taxes | 50,347 | 47,795 |
| Interest expense on debt and financing fees | 3,485 | 3,517 |
| Interest expense on Class B unit liability <i>(note 8)</i> | 4,773 | 4,506 |
| Interest income | (170) | (274) |
| Net interest expense | 8,088 | 7,749 |
| Profit before fair value (gain) loss and income taxes | 42,259 | 40,046 |
| Fair value gain on investment in Boston Pizza Canada Limited Partnership <i>(notes 5 and 9(ii))</i> | (27,933) | (11,730) |
| Fair value loss on Class B unit liability <i>(notes 8 and 9(iv))</i> | 12,446 | 5,226 |
| Fair value loss on interest rate swaps <i>(notes 7 and 9(iii))</i> | 865 | 2,607 |
| Total fair value gain | (14,622) | (3,897) |
| Earnings before income taxes | 56,881 | 43,943 |
| Current income tax expense <i>(note 4)</i> | 10,672 | 9,993 |
| Deferred income tax expense <i>(note 4)</i> | 4,043 | 2,078 |
| Total tax expense | 14,715 | 12,071 |
| Net and comprehensive income for the period | \$ 42,166 | \$ 31,872 |
| Net earnings per Fund unit | | |
| Basic <i>(note 3(d))</i> | \$ 1.98 | \$ 1.50 |
| Diluted <i>(note 3(d))</i> | \$ 1.98 | \$ 1.50 |
| Weighted average Fund units outstanding | 21,278,563 | 21,278,563 |
| Weighted average fully diluted Fund units outstanding | 24,540,740 | 24,540,740 |

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

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

| | Fund Units | Accumulated deficit | Total unitholders' equity |
|--|------------|---------------------|---------------------------|
| Balance – January 1, 2025 | \$ 321,044 | \$ (40,821) | \$ 280,223 |
| Net and comprehensive income for the period | - | 42,166 | 42,166 |
| Distributions declared (<i>note 11(c)</i>) | - | (32,343) | (32,343) |
| Balance – December 31, 2025 | \$ 321,044 | \$ (30,998) | \$ 290,046 |
| Balance – January 1, 2024 | \$ 321,044 | \$ (42,158) | \$ 278,886 |
| Net and comprehensive income for the period | - | 31,872 | 31,872 |
| Distributions declared (<i>note 11(c)</i>) | - | (30,535) | (30,535) |
| Balance – December 31, 2024 | \$ 321,044 | \$ (40,821) | \$ 280,223 |

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

BOSTON PIZZA ROYALTIES INCOME FUND
Consolidated Statements of Cash Flows
For the years ended December 31, 2025 and 2024
(Expressed in thousands of Canadian dollars)

| | 2025 | 2024 |
|--|-----------------|-----------------|
| Operating activities | | |
| Net and comprehensive income for the period | \$ 42,166 | \$ 31,872 |
| Adjustments for: | | |
| Fair value gain on investment in Boston Pizza Canada Limited Partnership | (27,933) | (11,730) |
| Fair value loss on Class B unit liability | 12,446 | 5,226 |
| Fair value loss on interest rate swaps | 865 | 2,607 |
| Interest expense on Class B unit liability | 4,773 | 4,506 |
| Deferred income tax expense | 4,043 | 2,078 |
| Current income tax expense | 10,672 | 9,993 |
| Interest expense on debt and financing fees | 3,485 | 3,517 |
| Interest income | (170) | (274) |
| Changes in non-cash working capital (<i>note 16</i>) | (126) | 65 |
| Current income tax paid | (10,693) | (10,012) |
| Interest received | 170 | 274 |
| Net cash generated from operating activities | 39,698 | 38,122 |
| Financing activities | | |
| Distributions paid to Fund unitholders | (32,237) | (30,365) |
| Interest paid on Class B unit liability | (4,753) | (4,472) |
| Interest paid on debt | (3,392) | (3,277) |
| Payment of deferred financing fees | - | (24) |
| Net cash used in financing activities | (40,382) | (38,138) |
| Decrease in cash and cash equivalents | (684) | (16) |
| Cash and cash equivalents – beginning of year | 4,573 | 4,589 |
| Cash and cash equivalents – end of year | \$ 3,889 | \$ 4,573 |

Supplemental cash flow information (*note 16*)

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

BOSTON PIZZA ROYALTIES INCOME FUND
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(in thousands of Canadian dollars, except where noted)

1. General Information

(a) Organization

Boston Pizza Royalties Income Fund together with its subsidiaries (*note 3(b)*) (the “**Fund**”) is an unincorporated open-ended limited purpose trust established under the laws of the Province of British Columbia, Canada, and is governed by the Declaration of Trust signed June 10, 2002, and as amended and restated on July 17, 2002, September 22, 2008, December 7, 2010, and July 3, 2024 (the “**Declaration of Trust**”). The Fund’s principal business office is located at 13571 Commerce Parkway, Richmond, BC.

The Fund was established to indirectly, through Royalties LP (*note 3(b)*), acquire the trademarks and trade names owned by Boston Pizza International Inc. (Boston Pizza International Inc. together with its wholly-owned subsidiaries, “**BPI**”) (*note 3(b)*) 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). The Fund also holds an investment indirectly, through Holdings LP (*note 3(b)*), in Boston Pizza Canada Limited Partnership (“**BP Canada LP**”). BP Canada LP is a limited partnership controlled and operated by BPI and is the exclusive franchisor of Boston Pizza Restaurants in Canada. The rights to operations outside of Canada are owned by an affiliated company.

(b) Nature of operations

The Fund, as indirect owner of the BP Rights, has granted BPI exclusive license to the use of the BP Rights for a term of 99 years beginning in July 2002 (the “**License and Royalty Agreement**”). In return, BPI pays the Fund a royalty of 4.0% (the “**Royalty**”) of franchise revenues (“**Franchise Sales**”) of Boston Pizza Restaurants in the Royalty Pool (the “**Royalty Pool**”) as those terms are defined in the License and Royalty Agreement. The Fund, through its indirect investment in BP Canada LP is entitled to receive a 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 (the “**Distribution**”). There are 372 Boston Pizza Restaurants in the Royalty Pool as at December 31, 2025 (December 31, 2024 – 372).

Substantially all of the Fund’s revenues are earned from certain operations of BPI and BP Canada LP, accordingly, the revenues of the Fund and its ability to pay distributions to Fund unitholders are dependent on the ongoing ability of BPI and BP Canada LP to generate and pay Royalty and Distribution to the Fund.

As at December 31, 2025 the Fund has cash and cash equivalents of \$3.9 million and current assets in excess of current liabilities of \$4.8 million, excluding credit facilities that are expected to be refinanced before maturity of \$86.6 million (*note 7*) and the current portion of Class B Unit Liability of \$13.6 million, which will be settled in equity rather than cash (*note 8*). The Fund also has an undrawn credit facility of \$2.0 million available for use. The Fund’s credit facilities (*note 7*) expire on July 1, 2026 and the principal amounts are due and payable upon expiry. The Fund expects that it will be able to refinance its credit facilities at, or prior to, maturity in 2026 and does not expect

BOSTON PIZZA ROYALTIES INCOME FUND
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(in thousands of Canadian dollars, except where noted)

1. General Information (continued)

(b) Nature of operations (continued)

to be required to repay any principal amount outstanding. This is based on the Fund's ability to generate positive cash flow from operations and its history of being able to successfully refinance its debt. Assuming the successful refinancing of the credit facilities, the Fund anticipates that it will have sufficient liquidity to fund its operations and debt services payments for the foreseeable future.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

These consolidated financial statements were authorized by the Trustees of the Fund on February 12, 2026.

(b) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Fund's functional currency.

(c) Use of estimates and judgments

The preparation of these consolidated 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.

Judgment

- Consolidation

Applying the criteria outlined in IFRS 10, judgment is required in determining whether the Fund controls Royalties LP (*note 3(b)*). 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 this criteria management has determined that the Fund ultimately controls Royalties LP through its 80% ownership of the managing general partner, Boston Pizza GP Inc.

2. Basis of preparation (continued)

(c) Use of estimates and judgments (continued)

Estimates

- Intangible Assets – the BP Rights (*note 6*)

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 rolled into 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 rolled into 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 impairment test requires that the Fund use a valuation technique to determine if impairment exists (refer to *note 3(f)*). The valuation of the intangibles is based on a value in use approach, and depends on certain significant assumptions including projected Franchise Sales by restaurants that are in the Royalty Pool and the pre-tax discount rate. This valuation technique may not represent the actual recoverable amount that the Fund expects the BP Rights to generate. The Fund concluded that the recoverable amount exceeds the carrying amount of the BP Rights therefore, no impairment was recorded for either the year ended December 31, 2025 or December 31, 2024.

- Investment in Boston Pizza Canada Limited Partnership Fair Value Adjustment (*note 5*)

The Fund records its investment in BP Canada LP at fair value. The investment consists of Class 1 limited partnership units (“**Class 1 LP Units**”) and Class 2 limited partnership units (“**Class 2 LP Units**”). This requires that the Fund use a valuation technique to determine the value of the investment in BP Canada LP at each reporting date (refer to *note 9*).

This valuation technique may not represent the actual value of the financial asset and could materially impact the Fund’s financial position and net and comprehensive income.

- Class B Unit Fair Value Adjustment (*note 8*)

The Fund records a liability in respect of Class B general partner units (“**Class B Units**”) of Royalties LP (the “**Class B Unit Liability**”) at fair value. This requires that the Fund use a valuation technique to determine the value of the Class B Unit Liability at each reporting date (refer to *note 9*).

This valuation technique may not represent the actual value of the financial liability should such units be extinguished and changes in the distribution rate on the Class B Units and the yield of the units of the Fund (“**Fund Units**”) could materially impact the Fund’s financial position and net and comprehensive income.

BOSTON PIZZA ROYALTIES INCOME FUND
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(in thousands of Canadian dollars, except where noted)

3. Material accounting policies

The material accounting policies used in the preparation of these consolidated financial statements are described below.

(a) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- The investment in BP Canada LP (Class 1 LP Units and Class 2 LP Units) is measured at fair value with changes in value recorded through profit and loss in the consolidated statement of comprehensive income.
- Class B Unit Liability is measured at fair value with changes in value recorded through profit and loss in the consolidated statement of comprehensive income.
- The Fund holds derivative financial instruments to manage its interest rate exposure. Financial derivatives not using hedge accounting are recognized initially at fair value; attributable transaction costs are recognized in profit and loss as incurred. Subsequent to initial recognition, financial derivatives are recognized at fair value and changes therein are recorded through profit and loss in the consolidated statement of comprehensive income.

(b) Consolidation

These consolidated 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**”). BPGP is the managing general partner of Royalties LP. The 20% residual ownership of BPGP is owned by BPI. BPI is a general partner of Royalties LP.

Subsidiaries are those entities which the Fund controls by having the power to govern the financial and operating policies of such entities to obtain economic benefits from their relevant activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Fund directs the activities of another entity.

(c) Revenue

Royalty, Distribution, and interest income are recognized on the accrual basis and are accrued for when earned. Royalty from BPI to the Fund is 4%, and Distribution from BPI to the Fund is 1.5% less the pro rata portion payable to BPI in respect of its retained interest in the Fund, of Franchise Sales for such period reported by BPI for Boston Pizza Restaurants in the Royalty Pool. Refer to *note 1(b)* for further information.

BOSTON PIZZA ROYALTIES INCOME FUND
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(in thousands of Canadian dollars, except where noted)

3. Material accounting policies (continued)

(d) Basic and diluted earnings per Fund Unit

Basic earnings per Fund Unit is based on the weighted average number of Fund Units outstanding during the period. Diluted earnings per Fund Unit is based on the weighted average number of Fund Units, including the number of Fund Units that BPI would receive if it exchanged all of its Class B Units (*note 8*) and Class 2 general partnership units of BP Canada LP ("**Class 2 GP Units**") (*note 5*) outstanding during the period.

For the year ended December 31, 2025, the basic and diluted earnings per Fund Unit are \$1.98. For the year ended December 31, 2024, the basic and diluted earnings per Fund Unit were \$1.50. When diluted earnings are anti-dilutive, diluted earnings per Fund Unit is considered equal to basic earnings per Fund Unit.

The following reconciles the basic earnings to the diluted earnings:

| (in thousands, except unit data and per Fund Unit data) | 2025 | 2024 |
|---|----------------------------|----------------------------|
| Net and comprehensive income for the period | \$ 42,166 | \$ 31,872 |
| Increase in Distribution income to the Fund | 1,806 | 1,733 |
| Decrease in interest expense on Class B Unit Liability | 4,773 | 4,506 |
| Fair value loss on Class B Unit Liability | 12,446 | 5,226 |
| Increase in Fund's current and deferred income taxes | (2,842) | (2,746) |
| Fund's diluted earnings | 58,349 | 40,591 |
| Weighted average fully diluted Fund Units outstanding | 24,540,740 | 24,540,740 |
| Diluted earnings per Fund Unit | \$ 2.38 (Anti-Dilutive) | \$ 1.65 (Anti-Dilutive) |

(e) Financial instruments

(i) Recognition, classification and measurement

Financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

All financial assets are initially recorded at fair value and subsequently classified as measured at amortized cost, fair value through other comprehensive income, or fair value through profit and loss ("**FVTPL**").

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold the asset to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Material accounting policies (continued)

(e) Financial instruments (continued)

(i) Recognition, classification and measurement (continued)

All financial liabilities are initially recorded at fair value and subsequently classified as measured at amortized cost or FVTPL. On initial recognition, the Fund may irrevocably designate a financial liability at FVTPL when doing so results in more relevant information, because either:

- the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases; or
- a group of financial liabilities or financial assets and financial liabilities is managed with its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to key management personnel.

For financial assets classified as measured at FVTPL or designated at FVTPL, changes in fair value are recognized in profit and loss in the consolidated statement of comprehensive income. For financial assets and other financial liabilities measured at amortized cost, interest income and interest expense are calculated using the effective interest method and is recognized in profit and loss in the consolidated statement of comprehensive income.

(ii) Business model assessment

The Fund makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the asset is managed and information is provided to management. The information considered includes:

- how the performance of the portfolio is evaluated and reported to management;
- how managers of the business are compensated;
- whether the assets are held for trading purposes;
- the risks that affect the performance of the financial assets held within the business model and how those risks are managed; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sale activity.

(iii) Contractual cash flow characteristics assessment

In assessing whether the contractual cash flows are solely payments of principal and interest, 'principal' is defined as the fair value of the financial asset on initial recognition and 'interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

3. Material accounting policies (continued)

(e) Financial instruments (continued)

(iii) Contractual cash flow characteristics assessment (continued)

The Fund considers the contractual terms of the financial asset and whether the asset contains contractual terms that could change the timing or amount of cash flows such that it would not meet the condition of principal and interest. Contractual terms considered in this assessment include contingent events that would change the amount and timing of cash flows, leverage features, prepayment and extension terms, terms that limit the claim to cash flows from specified assets, and features that modify the consideration from time value of money.

(f) Impairment of non-financial assets

Long-lived assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Long-lived assets that are not amortized, such as the BP Rights, are also subject to an annual impairment test (*note 6*). For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses may be reversed if the fair value of the asset is determined to be greater than its carrying amount.

The Fund tested the BP Rights for impairment at December 31, 2025 and December 31, 2024 and determined no impairment exists at either date (*note 6*).

(g) Accounting standards and amendments issued but not yet adopted

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The amendments include clarifications on the derecognition of financial liabilities settled through electronic transfer and the classification of financial assets with environmental, social and governance-linked features.

The amendments are effective for annual periods beginning on or after January 1, 2026 with earlier adoption permitted. The Fund has done an assessment of these amendments and has concluded that there is no impact on its consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure in Financial Statements ("**IFRS 18**"), which will replace IAS 1, Presentation of Financial Statements. The new standard introduces changes to the structure of the consolidated statement of comprehensive income, new guidance on the aggregation and disaggregation of financial information and new disclosure requirements for certain management-defined performance measures.

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3. Material accounting policies (continued)

(g) Accounting standards and amendments issued but not yet adopted (continued)

IFRS 18 is effective for annual periods beginning on or after January 1, 2027 with earlier application permitted. The Fund is currently assessing the impact of the adoption of IFRS 18 on its consolidated financial statements.

4. Income taxes

The Fund has recorded current income tax expense of \$10.7 million for the year ended December 31, 2025 (December 31, 2024 – \$10.0 million). The current income tax position (receivable or payable) is the cumulative result of the Fund's specified investment flow-through ("SIFT") tax installments net of the Fund's SIFT tax expense.

The Fund has recorded a deferred income tax expense of \$4.0 million for the year ended December 31, 2025 (December 31, 2024 – \$2.1 million). This expense had no impact on the Fund's cash flow for the period.

The reconciliation to statutory tax rate is as follows:

| (in thousands, except tax rate) | 2025 | 2024 |
|---|-----------|-----------|
| Earnings before income taxes | \$ 56,881 | \$ 43,943 |
| Combined Canadian federal and provincial rate | 27.0% | 27.0% |
| Computed expected tax expense | 15,358 | 11,865 |
| Increased (reduced) by: | | |
| Permanent differences | 25 | 26 |
| Fair value adjustment on Class B Unit Liability | 3,360 | 1,411 |
| Fair value adjustment on interest rate swaps | - | 704 |
| Differences from non-taxable portion of capital gains | (4,094) | (1,931) |
| Other | 66 | (4) |
| Total tax expense per statement of comprehensive income | \$ 14,715 | \$ 12,071 |

The tax effect of temporary differences that give rise to the deferred income tax liability is as follows:

| | December 31, 2025 | December 31, 2024 |
|-------------------------------------|----------------------|----------------------|
| Intangible assets - BP Rights | \$ 7,360 | \$ 7,240 |
| Investment in Units of BP Canada LP | 6,301 | 2,207 |
| Interest rate swaps | (163) | - |
| Other | (2) | 6 |
| Net deferred income tax liability | \$ 13,496 | \$ 9,453 |

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5. Investment in Units of Boston Pizza Canada Limited Partnership

Limited partnership units

The investment in BP Canada LP is comprised of Class 1 LP Units and Class 2 LP Units. The Class 1 LP Units 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, less the pro rata portion payable to BPI in respect of its retained interest in the Fund. Refer to *note 9* for the fair value calculation of the investment in BP Canada LP.

| (in thousands, except unit data) | Issued and outstanding LP Units | | Investment in BP Canada LP |
|---|---------------------------------------|----|-------------------------------|
| Class 1 LP Units | | | |
| Class 1 LP Units at December 31, 2025 and 2024 | 1,000 | \$ | 33,314 |
| Class 2 LP Units | | | |
| 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 9(ii)</i>) | | | 27,933 |
| Class 2 LP Units Balance at December 31, 2025 | 5,455,762 | \$ | 123,300 |
| Total LP Units Balance at December 31, 2025 | | \$ | 156,614 |

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 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.

The number of Fund Units that BPI is entitled to receive in exchange for its Class 2 GP Units is adjusted on January 1 of each year (each, an "**Adjustment Date**") to reflect the addition of new Boston Pizza Restaurants to the Royalty Pool and the removal of any Boston Pizza Restaurants that closed since the last Adjustment Date (the number of Fund Units BPI is indirectly entitled to receive in connection therewith is the "**Class 2 Additional Entitlements**", with 80% of the Class 2 Additional Entitlements being received on the Adjustment Date with the balance (the "**Class 2 Holdback**") being received once the performance of the new restaurants and the actual effective tax rate paid by the Fund are known for certain), all in a manner similar to adjustments to the Class B Units that BPI holds (refer to *note 8*).

It is possible that on an Adjustment Date, the net additional Royalty and Distribution is negative as a result of the estimated Royalty and Distribution expected to be generated by new Boston Pizza Restaurants being less than the Royalty and Distribution that is lost from permanently closed Boston Pizza Restaurants (the amount by which it is less is the "**Deficiency**"). In such case, BPI would not receive any Class 2 Additional Entitlements, however, nor would BPI lose any of the Class 2 Additional

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5. Investment in Units of Boston Pizza Canada Limited Partnership (continued)

Entitlements previously received by BPI. Rather, on future Adjustment Dates, BPI would be required to make up the cumulative Deficiency by first adding Royalty and Distribution in an amount equal to the Deficiency before receiving any further Class 2 Additional Entitlements.

BPI also has the right to further increase the Fund's Franchise Sales Participation by up to an additional 1.5% of Franchise Sales (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 Class 2 GP Units into Fund Units. Should an exchange occur, BP Canada LP would issue additional Class 2 LP Units to the Fund, the Fund would issue additional Fund Units to BPI, resulting in an increase in the Fund's investment in BP Canada LP recognizing its entitlement to a larger portion of distributions.

As at December 31, 2025, BPI's Class 2 GP Units were exchangeable for 831,354 Fund Units (December 31, 2024 – 831,354).

| (in thousands, except unit data) | Issued and outstanding Class 2 Additional Entitlements | Issued and outstanding Class 2 Additional Entitlements including Class 2 Holdback |
|--|---|--|
| Balance at December 31, 2023 | 831,354 | 831,354 |
| Class 2 Additional Entitlements granted January 1, 2024 ⁽¹⁾ | - | - |
| Balance at December 31, 2024 | 831,354 | 831,354 |
| Class 2 Additional Entitlements granted January 1, 2025 ⁽²⁾ | - | - |
| Balance at December 31, 2025 | 831,354 | 831,354 |

⁽¹⁾ On January 1, 2024, the one new Boston Pizza Restaurant that opened between January 1, 2023 and December 31, 2023 was added to the Royalty Pool and the six restaurants that permanently closed during 2023 were removed. The net Franchise Sales from the one new Boston Pizza Restaurant less the six Boston Pizza Restaurants that permanently closed was negative \$7.9 million. This resulted in a Deficiency of \$0.4 million related to lost Royalty and Distribution. As a result of the Deficiency, BPI did not receive any Class 2 Additional Entitlements on January 1, 2024. BPI will be required to make up the Deficiency on future adjustment dates by first adding Royalty and Distribution in an amount equal to the cumulative Deficiency before receiving any future Class 2 Additional Entitlements.

⁽²⁾ On January 1, 2025, the four new Boston Pizza Restaurants that opened 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 was negative \$4.0 million. This resulted in a Deficiency of \$0.2 million related to lost Royalty and Distribution. As a result of the Deficiency, BPI did not receive any Class 2 Additional Entitlements on January 1, 2025. BPI will be required to make up the Deficiency on future Adjustment Dates by first adding Royalty and Distribution in an amount equal to the cumulative Deficiency before receiving any further Class 2 Additional Entitlements.

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6. 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.

In January of each year, new Boston Pizza Restaurants that opened since the last Adjustment Date are added to the Royalty Pool and any Boston Pizza Restaurants that permanently closed since the last Adjustment Date are removed from the Royalty Pool. In exchange for adding net new Royalty to the Royalty Pool, BPI is granted Class B Additional Entitlements (*note 8*), the fair value of which is determined using the expected annual Franchise Sales of the new Boston Pizza Restaurants less the actual Franchise Sales of the permanently closed Boston Pizza Restaurants during the first year in which they were part of the Royalty Pool, discounted by the yield of the Fund Units.

The value of the Class B Additional Entitlements is adjusted in the following year once the annual Franchise Sales of the new Boston Pizza Restaurants and the actual effective tax rate of the Fund are known for certain. The fair values of the Class B Additional Entitlements are recognized as an intangible asset and are added to the carrying value of the BP Rights.

Each year on December 31, the Fund tests the carrying value of the BP Rights for impairment. Impairment exists if the carrying value of the BP Rights exceeds the recoverable amount. The recoverable amount is determined as the higher of its fair value less cost to sell or its value in use.

The Fund determined the recoverable amount of the BP Rights based on a value in use model. Management calculates the value in use by discounting the expected Royalty payment to be received by the Fund based on projected Franchise Sales by restaurants that are in the Royalty Pool to their present value using a pre-tax discount rate that reflects current markets assessments of the time value of money and risks specific to the BP Rights. The pre-tax discount rate was determined to be 10.0% (December 31, 2024 – 10.0%).

As at December 31, 2025, the Fund has tested the BP Rights for impairment in the manner described above and has determined that the recoverable amount exceeds the carrying value by approximately \$168 million (December 31, 2024 - \$126 million). The Fund has determined that no impairment exists. The Fund performed a sensitivity analysis on the significant assumptions in the value in use calculation, which are the projected Franchise Sales by restaurants in the Royalty Pool and the pre-tax discount rate. If actual Franchise Sales were 36% lower or the pre-tax discount rate was 5% higher, the recoverable amount would approximate carrying value.

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6. Intangible assets – BP Rights (continued)

| | | |
|--|----|---------|
| Balance – December 31, 2023 | \$ | 284,188 |
| Class B Additional Entitlements granted January 1, 2024 ⁽¹⁾ | | - |
| Balance – December 31, 2024 | \$ | 284,188 |
| Class B Additional Entitlements granted January 1, 2025 ⁽²⁾ | | - |
| Balance – December 31, 2025 | \$ | 284,188 |

⁽¹⁾ On January 1, 2024, the one new Boston Pizza Restaurant that opened between January 1, 2023 and December 31, 2023 was added to the Royalty Pool and the six restaurants that permanently closed during 2023 were removed. As a result of the Deficiency (see *note 8*), BPI did not receive any Class B Additional Entitlements on January 1, 2024.

⁽²⁾ On January 1, 2025, the four new Boston Pizza Restaurants that opened 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. As a result of the Deficiency (see *note 8*), BPI did not receive any Class B Additional Entitlements on January 1, 2025.

7. Credit facilities

The following table summarizes the Fund's debt and its fixed and variable rate swap terms as of December 31, 2025 under Facility B and Facility D (both defined below).

| | December 31, 2025 | December 31, 2024 |
|--|----------------------|----------------------|
| Credit facility managed by interest rate swaps: | | |
| 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 (<i>note 7(b)(ii)</i>) | \$ - | \$ 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 (<i>note 7(b)(i)</i>) | 15,000 | 15,000 |
| Facility D bearing interest at 2.95% plus the applicable CSA plus between 1.25% and 1.85% per annum, with a swap maturity date of August 14, 2030 (<i>note 7(b)(ii)</i>) | 14,000 | - |
| Credit facility at variable interest rates: | | |
| 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 (<i>note 7(b)(ii)</i>) | 4,314 | 1,314 |
| Deferred financing fees | (34) | (102) |
| | \$ 86,603 | \$ 86,535 |

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7. Credit facilities (continued)

(a) 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 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**”); and
- (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 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 December 31, 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 December 31, 2025.

The Fund expects that it will be able to refinance its Credit Facilities in 2026 (*note 1(b)*).

(b) Interest Rate Swaps

Certain interest rate swap agreements matured and the Fund entered into new agreements as follows:

7. Credit facilities (continued)

(b) *Interest Rate Swaps (continued)*

- (i) On June 19, 2024, the Fund entered into a swap that commenced on June 20, 2024 to fix the interest rate at 3.48% plus the applicable CSA plus the applicable margin for a term ending on July 3, 2029 for \$15.0 million of the \$53.3 million drawn on Facility B. This replaced the \$15.0 million interest rate swap on Facility B that matured on April 1, 2024.
- (ii) On August 14, 2025, the Fund entered into a swap to fix the interest rate at 2.95% plus the applicable CSA plus the applicable margin for a term ending on August 14, 2030 for \$14.0 million of the \$33.3 million drawn on Facility D, which partially replaced the interest rate swap that matured on August 14, 2025 of \$17.0 million. The remaining \$3.0 million now bears interest at variable interest rates.

The Fund recorded a net financial derivative liability based on the fair value of the interest rate swaps at December 31, 2025 of \$0.7 million (December 31, 2024 – net financial derivative asset of \$0.2 million) in accordance with accounting for derivatives under IFRS. The Fund intends to hold the outstanding interest rate swaps to maturity.

8. Royalties LP unit liabilities

Class B Units:

The Class B Units are presented in the Fund's consolidated financial statements as a result of the Fund consolidating the accounts of Royalties LP under IFRS. The Class B Units are classified as a financial liability and are initially and subsequently recorded at fair value. The determination of the fair value of the Class B Unit Liability is described in *note 9*. As a result of the Class B Units being classified as a financial liability, amounts paid by Royalties LP to BPI in respect of the Class B Units are classified as interest expense in the statement of comprehensive income. Interest expense on Class B Units for the year ended December 31, 2025 totaled \$4.8 million (December 31, 2024 - \$4.5 million).

BPI has the right to exchange Class B Units for a number of Fund Units based, at any time, on a defined calculation which is based in part on the net Franchise Sales from Boston Pizza Restaurants added to the Royalty Pool. On each Adjustment Date, an adjustment is made to add to the Royalty Pool new Boston Pizza Restaurants that opened and to remove any Boston Pizza Restaurants that permanently closed since the previous Adjustment Date. In return for adding net additional Royalty revenue, BPI receives the right to indirectly acquire additional Fund Units (the “**Class B Additional Entitlements**”) and together with Class 2 Additional Entitlements, the “**Additional Entitlements**”).

BPI receives 80% of the Class B Additional Entitlements on the Adjustment Date with the balance (the “**Class B Holdback**”, and together with Class 2 Holdback, the “**Holdback**”) received once the performance of the new Boston Pizza Restaurants and the actual effective tax rate paid by the Fund are known for certain. BPI receives 100% of the distributions from the Class B Additional Entitlements throughout the year. Once the new Boston Pizza Restaurants have been in the Royalty Pool for a full year, an audit of the Franchise Sales of the new Boston Pizza Restaurants is performed and the actual effective tax rate paid by the Fund is determined. At such time, an adjustment is made to reconcile the number of Class B Additional Entitlements and associated distributions to the actual performance of the new Boston Pizza Restaurants and the actual effective tax rate of the Fund.

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8. Royalties LP unit liabilities (continued)

It is possible for a Deficiency to exist on an Adjustment Date (refer to *note 5*). 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 Royalty and Distribution in an amount equal to the Deficiency before receiving any further Additional Entitlements. BPI is entitled to vote in an equivalent number of Fund Units into which the Class B Units are exchangeable at any time.

The Fund has no obligation to settle this financial liability in cash. If BPI were to exchange all of its Class B Units for Fund Units on December 31, 2025, the Fund would issue the required number of Fund Units and the Class B Unit Liability would be extinguished.

The following chart summarizes the Class B Additional Entitlements and Class B Unit Liability:

| (in thousands, except unit data) | Issued and outstanding Class B Additional Entitlements | Issued and outstanding Class B Additional Entitlements including Class B Holdback | Class B Unit Liability |
|--|--|--|------------------------------|
| Balance at December 31, 2023 | 2,430,823 | 2,430,823 | \$ 37,265 |
| Class B Additional Entitlements granted January 1, 2024 ⁽¹⁾ | - | - | - |
| Fair value loss | - | - | 5,226 |
| Balance at December 31, 2024 | 2,430,823 | 2,430,823 | \$ 42,491 |
| Class B Additional Entitlements granted January 1, 2025 ⁽²⁾ | - | - | - |
| Fair value loss | - | - | 12,446 |
| Balance at December 31, 2025 | 2,430,823 | 2,430,823 | \$ 54,937 |
| Current portion of Class B Unit Liability ⁽³⁾ | | | 13,609 |
| Non-current portion of Class B Unit Liability ⁽³⁾ | | | \$ 41,328 |

⁽¹⁾ On January 1, 2024, the one new Boston Pizza Restaurant that opened between January 1, 2023 and December 31, 2023 was added to the Royalty Pool and the six restaurants that permanently closed during 2023 were removed. The net Franchise Sales from the one new Boston Pizza Restaurant less the six Boston Pizza Restaurants that permanently closed was negative \$7.9 million. This resulted in a Deficiency of \$0.4 million related to lost Royalty and Distribution. As a result of the Deficiency, BPI did not receive any Class B Additional Entitlements on January 1, 2024. BPI will be required to make up the Deficiency on future adjustment dates by first adding Royalty and Distribution in an amount equal to the cumulative Deficiency before receiving any future Class B Additional Entitlements.

⁽²⁾ 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 was negative \$4.0 million. This resulted in a Deficiency of \$0.2 million related to lost Royalty and Distribution. As a result of the Deficiency, BPI did not receive any Class B Additional Entitlements on January 1, 2025. BPI will be required to make up the Deficiency on future adjustment dates by first adding Royalty and Distribution in an amount equal to the cumulative Deficiency before receiving any future Class B Additional Entitlements.

⁽³⁾ 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 the 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.

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9. Financial Instruments

Financial Assets and Liabilities by Categories and Fair Value Information

The following table shows the carrying values of assets and liabilities for each financial instrument category (*note 3(e)*) at December 31, 2025 and December 31, 2024. Unless otherwise noted, the fair values on the instruments approximate their carrying amount. 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.

| | | | December 31, 2025 | December 31, 2024 |
|---|---------|----|----------------------|----------------------|
| Fair value through profit and loss | | | | |
| Class 1 Limited Partnership Units of BP Canada LP ⁽ⁱ⁾ | Level 2 | \$ | 33,314 | \$ 33,314 |
| Class 2 Limited Partnership Units of BP Canada LP ⁽ⁱⁱ⁾ | Level 2 | \$ | 123,300 | \$ 95,367 |
| Fair value of interest rate swaps ⁽ⁱⁱⁱ⁾ | Level 2 | \$ | (688) | \$ 177 |
| Class B Unit Liability ^(iv) | Level 2 | \$ | (54,937) | \$ (42,491) |
| Amortized cost | | | | |
| Cash and cash equivalents | | \$ | 3,889 | \$ 4,573 |
| Royalty receivable from BPI | | \$ | 3,424 | \$ 3,378 |
| Distributions receivable from BP Canada LP | | \$ | 1,075 | \$ 1,057 |
| Accounts payable and accrued liabilities | | \$ | (642) | \$ (668) |
| Distributions payable to Fund unitholders | | \$ | (2,553) | \$ (2,447) |
| Interest payable on Class B Units | | \$ | (377) | \$ (357) |
| Credit facilities | | \$ | (86,603) | \$ (86,535) |

- (i) The Class 1 LP Units are entitled to distributions determined with respect to the interest cost incurred on Facility D (*note 7*). The fair value of the Class 1 LP Units is estimated using a market-corroborated input (interest rate on the credit facility).

9. Financial Instruments (continued)

- (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 December 31, 2025, the closing price of a Fund Unit was \$22.60 (December 31, 2024 – \$17.48) while the number of issued and outstanding Class 2 LP Units held by the Fund was 5,455,762 (December 31, 2024 – 5,455,762) resulting in a Class 2 LP Units fair value of \$123.3 million (December 31, 2024 - \$95.4 million). The fair value gain on the investment in BP Canada LP for the year ending December 31, 2025 was \$27.9 million (December 31, 2024 - \$11.7 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 \$74.0 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 \$0.7 million based on the fair value of the interest rate swaps at December 31, 2025 (December 31, 2024 - \$0.2 million net asset) in accordance to accounting for derivatives under IFRS. Any changes in the fair value of the interest rate swaps are recorded in the consolidated statement of comprehensive income in the period in which they arise. Without factoring in the interest rate swaps, the fair value of the \$74.0 million of the Credit Facilities approximates its carrying amount since the debt has variable interest rates at terms that the Fund believes are reflective of currently available terms. The fair value of the remaining Credit Facilities, before deferred financing fees, approximates its carrying value of \$12.6 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 nominal at December 31, 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 December 31, 2025, the closing price of a Fund Unit was \$22.60 (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 (December 31, 2024 – 2,430,823) resulting in a Class B Unit Liability fair value of \$54.9 million (December 31, 2024 – \$42.5 million). For the year ended December 31, 2025, the increase of \$12.4 million is due to fair value loss (December 31, 2024 –\$5.2 million). This valuation technique may not represent the actual value of the financial asset should such Class B Units be exchanged.

Financial Instruments and Related Risks

The Fund is primarily exposed to credit risk, liquidity risk and interest rate risk as they relate to the identified financial instruments.

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9. Financial Instruments (continued)

Credit risk

Credit risk is defined as an unexpected loss in cash and earnings if another party is unable to pay its obligations in due time. The Fund's exposure to credit risk arises from its Royalty receivable from BPI and Distribution receivable from BP Canada LP. There is some credit risk associated with the interest rate swap receivables, but it is minimal given that the counterparty is a leading Canadian financial institution. The outstanding balances in these accounts represent the Fund's maximum credit exposure. The Fund monitors this risk through its regular review of operating and financing activities of BPI and BP Canada LP.

The performance of the Fund is directly dependent upon the Royalty and Distribution payments received from BPI and BP Canada LP. If BPI and BP Canada LP and its franchisees are unable to successfully compete in the casual dining sector or the economy is weak for an extended period of time, Franchise Sales, the basis on which Royalty and Distribution are paid, may be adversely affected. The reduction of royalties from Franchise Sales may impact BPI and BP Canada LP's ability to pay Royalty or Distribution due to the Fund.

The Fund has reviewed its Royalty receivable from BPI and Distribution receivable from BP Canada LP. Based on the BPI cash balance and working capital requirements, the Fund has determined that the collection risk on the Royalty receivable and Distribution receivable is minimal and no indicators of impairment exist. As at December 31, 2025, the Fund had no provision for credit risk recorded in its financial statements (December 31, 2024 – nil).

Liquidity risk

Liquidity risk results from the Fund's potential inability to meet its financial obligations. Beyond effective net working capital and cash management, the Fund constantly monitors its operations and cash flows to ensure that current and future distributions to Fund unitholders will be met. The Fund's capital resources are comprised of its cash and cash equivalents, Royalty receivable from BPI, Distribution receivable from BP Canada LP and its undrawn Facility A (*note 7*).

| | December 31, 2025 |
|--|----------------------|
| Cash and cash equivalents | \$ 3,889 |
| Royalty receivable from Boston Pizza International Inc. | 3,424 |
| Distribution receivable from Boston Pizza Canada Limited Partnership | 1,075 |
| Undrawn Facility A | 2,000 |
| | <u>\$ 10,388</u> |

The Fund's obligations under the Credit Facilities, as detailed in *note 7*, are secured by a first charge over the assets of the Fund, mature at dates specified in *note 7* and are due according to dates specified in *note 7*.

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9. Financial Instruments (continued)

The Fund is subject to certain guarantor covenants and reporting requirements arising from the Credit Facilities that are further described in *note 10*.

The maturities of the Fund's financial liabilities are as follows:

| | | Value | Maturity |
|---|----|--------|-------------|
| Accounts payable and accrued liabilities | \$ | 642 | < 1 year |
| Distributions payable to Fund unitholders | \$ | 2,553 | < 1 year |
| Interest payable on Class B Units | \$ | 377 | < 1 year |
| Interest rate swaps | \$ | 267 | < 1 year |
| Credit Facilities (<i>note 7</i>) | \$ | 86,603 | < 1 year |
| Interest rate swaps | \$ | 530 | 2027 - 2030 |

The Credit Facilities discussed in *note 7* are due on July 1, 2026, at which time Royalties LP and Holdings LP will need to refinance such loans. While there can be no guarantee that refinancing of this indebtedness will be available to Royalties LP or Holdings LP, or available to Royalties LP or Holdings LP on acceptable terms, the Fund expects that it will be able to refinance its Credit Facilities at, or prior to, maturity in 2026 (*note 1(b)*).

Interest rate risk

The Fund's exposure to interest rate risk is mainly through the Credit Facilities. The Fund has entered into interest rate swaps under the International Swap Dealers Association Master Agreements to manage interest rate risk on \$74.0 million of its Credit Facilities and these interest rate swaps are detailed in *note 7*. Therefore, the Fund's interest rate risk is mainly related to its \$12.6 million floating rate debt. A 1.0% change in short-term interest rates would result in a minimal change in interest expense based on the Fund's floating rate debt at December 31, 2025. However, when any individual swap matures, the change between the prevailing floating interest rate and the effective interest rate of the maturing swap would result in a change in interest expense for the Fund.

10. Capital Disclosures

The Fund's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide distributions to Fund unitholders and benefits for other stakeholders. The Fund includes its Credit Facilities and unitholders' equity, in its definition of capital.

The Fund seeks to maintain a balance between the higher returns that might be possible with the leverage afforded by higher borrowing levels and the security afforded by a sound capital structure. It does this by maintaining appropriate debt levels in relation to its cash flows, working capital and other assets in order to provide the maximum distributions to Fund unitholders commensurate with the level of risk. Also, the Fund utilizes its debt capabilities to buy back Fund Units, when appropriate, in order to maximize cash distribution rates for remaining Fund unitholders.

The Fund manages its capital structure and adjusts to respond to changes in economic conditions, the underlying risks inherent in its operations, and capital requirements to maintain and grow its operations. In order to maintain or adjust its capital structure, the Fund may adjust the amount of distributions paid to Fund unitholders, purchase Fund Units in the market, or issue new Fund Units.

10. Capital Disclosures (continued)

Declarations of distributions from the Fund are at the discretion of the Trustees of the Fund. The amount of cash available to be distributed to Fund unitholders is determined with reference to the Fund's cash flow from operations adjusted for items such as BPI's entitlements in respect of its Class B Units, interest paid on debt, contractually required debt repayments, SIFT tax expense and SIFT tax paid. The Fund's policy is to distribute all available cash from operations to Fund unitholders after provisions for cash required for working capital and other reserves considered advisable by the Fund's Trustees. Distributions are recorded when declared.

The Fund had debt, net of deferred financing fees, of \$86.6 million at December 31, 2025 (December 31, 2024 – \$86.5 million). In addition, the Fund's banking covenants require (a) the Fund's total funded net debt to EBITDA ratio to not exceed 2.50:1 until December 30, 2024 and to not exceed 2.25:1 thereafter and (b) the total amount of certain permitted distributions of the Fund (including distribution to Fund unitholders) to not exceed the sum of the Fund's distributable cash and cash on hand by greater than \$2.0 million (tested quarterly on a trailing 12-month basis). The Fund is in compliance with its covenants as at December 31, 2025.

The Fund is not subject to any other statutory capital requirements and has no commitments to sell or otherwise issue Fund Units, other than the commitment to exchange Class B Units and Class 2 GP Units held by BPI for Fund Units, as described in *notes 5, 8 and 11*.

11. Fund Units

(a) The Fund's Declaration of Trust provides that an unlimited number of Fund Units may be issued. Each Fund Unit is transferable and represents an equal undivided beneficial interest in any distributions of the Fund and in the net assets of the Fund. All Fund Units have equal rights and privileges. Each Fund Unit entitles the holder thereof to participate equally in the allocations and distributions and to one vote at all meetings of Fund unitholders for each Fund Unit held. The Fund Units issued are not subject to future calls or assessments.

Pursuant to the Declaration of Trust, the holders, other than the Fund or its subsidiaries, of the Class A general partner units of Royalties LP ("**Class A Units**"), Class B Units, and Class 2 GP Units are entitled to vote in all votes of Fund unitholders as if they were holders of the number of Fund Units they would receive if Class A Units, Class B Units, and Class 2 GP Units were exchanged into Fund Units at the record date of such votes, and will be treated in all respects as Fund unitholders for the purpose of any such votes.

Fund Units are redeemable at any time at the option of the Fund unitholder at a price based on market value as defined in the Declaration of Trust, subject to a maximum of \$50,000 in cash redemptions in any one month. The limitation may be waived at the discretion of the Trustees of the Fund. Redemptions in excess of these amounts, assuming no waiving of the limitation, shall be paid by way of distribution in specie of a pro rata number of securities of the Trust held by the Fund.

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11. Fund Units (continued)

(b) Fund Units outstanding:

| (in thousands, except unit data) | Number of Fund Units | Fund Units as equity |
|--|-------------------------|-------------------------|
| Balance at December 31, 2024 and December 31, 2025 | 21,278,563 | \$ 321,044 |

As at December 31, 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.

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

| (in thousands, except per unit data) | Declared | | Paid | |
|--|------------------|------------------|------------------|------------------|
| | 2025 | 2024 | 2025 | 2024 |
| Monthly Distributions | \$ 30,002 | \$ 28,939 | \$ 29,896 | \$ 28,769 |
| Special Distribution | 2,341 | 1,596 | 2,341 | 1,596 |
| Total Distributions | \$ 32,343 | \$ 30,535 | \$ 32,237 | \$ 30,365 |
| Monthly Distributions per Fund Unit | \$ 1.41 | \$ 1.36 | \$ 1.41 | \$ 1.35 |
| Special Distribution per Fund Unit | 0.11 | 0.08 | 0.11 | 0.08 |
| Total Distributions per Fund Unit | \$ 1.52 | \$ 1.44 | \$ 1.52 | \$ 1.43 |

12. 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 an accumulated surplus of \$12.9 million at December 31, 2025 (\$13.7 million at December 31, 2024).

13. Operations

| (in thousands, except number of restaurants in the Royalty Pool) | 2025 | 2024 |
|--|------------|------------|
| Boston Pizza Restaurants in the Royalty Pool | 372 | 372 |
| Franchise Sales reported by Boston Pizza Restaurants in the Royalty Pool | \$ 976,255 | \$ 931,652 |
| Royalty income – 4% of Franchise Sales | \$ 39,050 | \$ 37,266 |
| Distribution income – 1.5% of Franchise Sales (less BPI retained interest) | \$ 12,837 | \$ 12,242 |

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14. Related party transactions

BPI and BP Canada LP are considered to be related parties of the Fund by virtue of common officers and directors in BPGP, BPI, and BP Canada LP. The following are components of related party transactions:

| | December 31, 2025 | December 31, 2024 |
|--|----------------------|----------------------|
| Royalty receivable from BPI | \$ 3,424 | \$ 3,378 |
| Distributions receivable from BP Canada LP | \$ 1,075 | \$ 1,057 |
| Interest payable on Class B Units | \$ 377 | \$ 357 |
| | 2025 | 2024 |
| Royalty income | \$ 39,050 | \$ 37,266 |
| Distribution income | \$ 12,837 | \$ 12,242 |
| Administration charge from BPI ⁽¹⁾ | \$ 455 | \$ 444 |
| Interest expense on Class B Unit Liability (<i>note 8</i>) | \$ 4,773 | \$ 4,506 |

⁽¹⁾ 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.

15. Compensation of key management

Key management personnel who receive direct remuneration from the Fund are the Trustees of the Fund. Aggregate details of their remuneration are set out in the table below with further information about the remuneration of individual Trustees provided in the Fund's Annual Information Form. Other key management personnel are compensated indirectly by the Fund through the administration charge.

| | 2025 | 2024 |
|-------------------------------|--------|--------|
| Remuneration paid to Trustees | \$ 222 | \$ 226 |

16. Supplemental cash flow information

(a) Non-cash transactions

| | 2025 | 2024 |
|---|-------|-------|
| Amortization of deferred financing fees | \$ 68 | \$ 63 |

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16. Supplemental cash flow information (continued)

(b) Reconciliation of changes in non-cash working capital:

| | 2025 | 2024 |
|---|----------|---------|
| Change in: | | |
| Royalty receivable from BPI | \$ (46) | \$ (17) |
| Distribution receivable from BP Canada LP | (18) | (6) |
| Prepaid expenses | (11) | 8 |
| Accounts payable and accrued liabilities | (26) | 257 |
| Adjusted for: | | |
| Interest expense | (3,417) | (3,454) |
| Interest paid on debt | 3,392 | 3,277 |
| Changes in non-cash working capital | \$ (126) | \$ 65 |

17. Subsequent events

- (a) On January 1, 2026, no adjustments were made to the Royalty Pool as there were no new Boston Pizza Restaurants that opened or closed between January 1, 2025 and December 31, 2025, resulting in the number of Boston Pizza Restaurants in the Royalty Pool remaining at 372. Accordingly, BPI did not receive any Additional Entitlements on January 1, 2026 and no changes were made to the total outstanding Deficiency. BPI will be required to make up the cumulative Deficiency for 2020, 2021, 2022, 2023 and 2024 on future Adjustment Dates by first adding Royalty and Distribution in an amount equal to the cumulative Deficiency before receiving any further Additional Entitlements.
- (b) In the first quarter of 2026, adjustments were made to the Deficiency based on the actual performance of the four new Boston Pizza Restaurants that were added to the Royalty Pool on January 1, 2025. The original Franchise Sales expected to be generated from the four new restaurants less the Franchise Sales from the four Boston Pizza Restaurants that closed in 2024 was negative \$4.0 million. The actual Franchise Sales generated from the four new restaurants after subtracting the Franchise Sales from the four Boston Pizza Restaurants that closed in 2024 was negative \$2.1 million. As a result, the Deficiency in respect of 2024 was reduced from \$0.2 million to \$0.1 million.
- (c) On February 10, 2026, the Trustees of the Fund declared a distribution for January 2026 of \$0.120 per unit, which will be payable on February 27, 2026 to Fund unitholders of record on February 21, 2026.