



For Immediate Release

Toronto Stock Exchange: BPF.UN

BOSTON PIZZA ROYALTIES INCOME FUND ANNOUNCES 2022 FOURTH QUARTER AND ANNUAL RESULTS AND JANUARY 2023 CASH DISTRIBUTION OF \$0.102 PER UNIT

HIGHLIGHTS

- Franchise Sales¹ of \$227.2 million for the Period and \$855.0 million for the Year, representing an increase of 24.0% and 29.5%, respectively, versus the same periods one year ago.
- Same Restaurant Sales² of 24.5% for the Period and 30.4% for the Year. As COVID-19 began to adversely affect sales in Boston Pizza restaurants in March of 2020, the Fund believes that it is also useful to calculate and report SRS comparing 2022 Franchise Sales to 2019 Franchise Sales. If SRS were calculated comparing Franchise Sales in the Period and the Year to Franchise Sales in the same periods in 2019, SRS would be 10.8% and 3.2%, respectively.
- Cash flows generated from operating activities of \$8.9 million for the Period and \$34.4 million for the Year, representing an increase of 4.6% and 12.7%, respectively, versus the same periods one year ago.
- Distributable Cash³ increased 19.2% for the Period and 25.2% for the Year, and Distributable Cash per Unit⁴ increased 19.1% for the Period and 25.2% for the Year.
- Payout Ratio⁵ of 115.1% for the Period and 99.4% for the Year. Cash balance at the end of the Period was \$5.2 million.
- The Fund increased its monthly distribution rate twice during the Year, first with the July 2022 distribution rate from \$0.085 to \$0.100 per unit of the Fund (“Unit”), and then with the November 2022 distribution rate from \$0.100 to \$0.102 per Unit.
- The Fund declared and paid a special cash distribution to unitholders of the Fund (“Unitholders”) of \$0.085 per Unit in December 2022.
- On February 8, 2023, the trustees of the Fund declared a distribution for the period of January 1, 2023 to January 31, 2023 of \$0.102 per Unit, which is payable on February 28, 2023 to Unitholders of record on February 21, 2023.

VANCOUVER, BC, February 9, 2023 – Boston Pizza Royalties Income Fund (the “Fund”) and Boston Pizza International Inc. (“BPI”) reported financial results today for the fourth quarter period from October 1, 2022 to December 31, 2022 (the “Period”) and January 1, 2022 to December 31, 2022 (the “Year”). A copy of this press release, the audited annual consolidated financial statements, related Management’s Discussion and Analysis (“MD&A”) of the Fund and BPI and the Annual Information Form of the Fund are available at www.sedar.com and www.bpincomefund.com. The Fund will host a conference call to discuss the results on February 9, 2023 at 6:30 am Pacific Time (9:30 am Eastern Time). The call can be accessed by dialling 1-800-319-4610 or 604-638-5340. A replay will be available until March 9, 2023 by dialling 1-800-319-6413 or 604-638-9010 and entering the access code: 9701 followed by the # sign. The replay will also be available at www.bpincomefund.com. Capitalized terms used in this press release that are not otherwise defined have the meanings ascribed to them in the Fund’s MD&A for the Period and the Year.

COVID-19 continued to impact the business of the Fund, BPI and Boston Pizza Canada Limited Partnership (“BP Canada LP”), and the operation of Boston Pizza restaurants during 2021 and the first half of 2022. Since then, COVID-19 case counts have improved, government restrictions related to COVID-19 have largely been eliminated, and sales levels of Boston Pizza restaurants have returned to more normal levels when compared to times prior to COVID-19.

“We are pleased that total Franchise Sales for 2022 returned to pre-pandemic levels despite the challenges faced due to COVID-19,” said Jordan Holm, President of BPI. “In addition, Boston Pizza continues to successfully manage through supply chain disruptions and labour shortages experienced across Canada. As economic uncertainty and inflationary pressures persist in 2023, we will work diligently to support our franchisees and continue the positive sales momentum that was achieved in 2022.”

PERIOD AND YEAR RESULTS

SRS, a key driver of distribution growth for Unitholders, was 24.5% for the Period compared to 25.5% reported in the fourth quarter of 2021. If SRS were calculated comparing Franchise Sales in the Period to Franchise Sales for the same period in 2019, SRS would be 10.8%. SRS was 30.4% for the Year compared to 8.5% reported in 2021. If SRS were calculated comparing Franchise Sales for the Year to Franchise Sales in 2019, SRS would be 3.2%. The increase in SRS for the Period and YTD was due to increases in restaurant guest traffic as a result of the easing and elimination of dining restrictions and increased average guest cheque.

Franchise Sales of Boston Pizza restaurants in the Royalty Pool were \$227.2 million for the Period and \$855.0 million for the Year compared to \$183.2 million and \$660.1 million, respectively, for the same periods in 2021. The \$44.0 million increase in Franchise Sales for the Period and \$194.9 million increase in Franchise Sales for the Year were primarily due to positive SRS.

The Fund's net and comprehensive income was \$6.4 million for the Period compared to \$12.6 million for the fourth quarter of 2021. The \$6.2 million decrease in the Fund's net and comprehensive income for the Period compared to the fourth quarter of 2021 was primarily due to a \$7.5 million increase in fair value loss, an increase in income tax expense of \$0.7 million and an increase in interest on Class B general partner units of Royalties LP ("**Class B Units**") of \$0.6 million, partially offset by an increase in Royalty and Distribution Income of \$2.3 million and lower interest expense on long-term debt of \$0.2 million.

The Fund's net and comprehensive income was \$30.6 million for the Year compared to \$37.4 million in 2021. The \$6.8 million decrease in the Fund's net and comprehensive income for the Year compared to 2021 was primarily due to a \$13.5 million decrease in fair value gain, an increase in income tax expense of \$2.6 million and an increase in interest on Class B Units of \$1.2 million, partially offset by an increase in Royalty and Distribution Income of \$10.3 million and lower interest expense on long-term debt of \$0.3 million.

The Fund's cash flows generated from operating activities was \$8.9 million for the Period compared to \$8.5 million in the fourth quarter of 2021. The increase of \$0.4 million was due to an increase of Royalty and Distribution Income of \$2.3 million, partially offset by a decrease in changes in working capital of \$1.1 million and an increase in income taxes paid of \$0.8 million. The Fund's cash flows generated from operating activities for the Year was \$34.4 million compared to \$30.5 million in 2021. The increase of \$3.9 million was due to an increase of Royalty and Distribution Income of \$10.3 million, partially offset by a decrease in changes in working capital of \$4.0 million and an increase in income taxes paid of \$2.4 million.

The Fund generated Distributable Cash of \$7.2 million for the Period compared to \$6.1 million for the fourth quarter of 2021. The increase in Distributable Cash of \$1.2 million or 19.2% was primarily due to lower repayments of long-term debt of \$0.7 million, an increase of cash flows generated from operating activities of \$0.4 million and SIFT Tax on Units adjustment of \$0.2 million, partially offset by increased BPI Class B Unit entitlement of \$0.2 million. The Fund generated Distributable Cash of \$25.6 million for the Year compared to \$20.4 million in 2021. The increase in Distributable Cash of \$5.2 million or 25.2% was primarily due to an increase in cash flow generated from operating activities of \$3.9 million and a decrease in repayments of long-term debt of \$2.3 million, partially offset by increased BPI Class B Unit entitlement of \$0.9 million and SIFT Tax on Units adjustment of \$0.2 million.

The Fund generated Distributable Cash per Unit of \$0.336 for the Period compared to \$0.282 per Unit for the fourth quarter of 2021. The Fund generated Distributable Cash per Unit of \$1.189 for the Year compared to \$0.950 per Unit in 2021. The increases in Distributable Cash per Unit of \$0.054 or 19.1% for the Period and \$0.239 or 25.2% for the Year were primarily attributable to the increase in Distributable Cash outlined above.

The Fund's Payout Ratio for the Period was 115.1% compared to 90.4% in the fourth quarter of 2021. The increase in the Fund's Payout Ratio for the Period was due to distributions paid increasing by \$2.8 million or 51.8%, partially offset by Distributable Cash increasing by \$1.2 million or 19.2%. The Fund's Payout Ratio for the Year was 99.4% compared to 109.5% in 2021. The decrease in the Fund's Payout Ratio for the Year was due to Distributable Cash increasing by \$5.2 million or 25.2%, partially offset by distributions paid increasing by \$3.0 million or 13.7%. Payout Ratio is calculated by dividing the amount of distributions paid during the applicable period by the Distributable Cash for that period. Accordingly, the Payout Ratio for 2021 factors in the 2020 Special Distribution (as defined below) that was paid on January 29, 2021 even though the cash generated to fund the 2020 Special Distribution was generated during 2020. If the 2020 Special Distribution was excluded in the calculation of Payout Ratio for 2021, the Payout Ratio would be 88.4%. The Fund's Payout Ratio is typically higher in the first and fourth quarters

compared to the second and third quarters since Boston Pizza restaurants generally experience higher Franchise Sales levels during the summer months when restaurants open their patios and benefit from increased tourist traffic.

DISTRIBUTIONS

During the Period, the Fund declared distributions on the Units in the aggregate amount of \$10.5 million or \$0.489 per Unit. During the fourth quarter of 2021, the Fund declared distributions on the Units in the aggregate amount of \$7.3 million or \$0.340 per Unit. During the Period, the Fund paid distributions on the Units in the aggregate amount of \$8.3 million or \$0.387 per Unit. During the fourth quarter of 2021, the Fund paid distributions on the Units in the aggregate amount of \$5.5 million or \$0.255 per Unit. The amount of distributions declared during the Period increased by \$3.2 million or \$0.149 per Unit due to the monthly distribution rate increasing from \$0.085 per Unit to \$0.100 per Unit commencing with the July 2022 distribution, and increasing again from \$0.100 per Unit to \$0.102 per Unit commencing with the November 2022 distribution (collectively, the **"2022 Distribution Increases"**) and the special cash distribution to Unitholders of \$0.085 per Unit, which was declared on December 8, 2022 and was paid on December 30, 2022 to Unitholders of record at the close of business on December 21, 2022 (the **"2022 Special Distribution"**). Distributions paid during the Period increased by \$2.8 million or \$0.132 per Unit due to the 2022 Distribution Increases and the 2022 Special Distribution.

During the Year, the Fund declared distributions on the Units in the aggregate amount of \$25.8 million or \$1.199 per Unit. During 2021, the Fund declared distributions on the Units in the aggregate amount of \$18.5 million or \$0.860 per Unit. During the Year, the Fund paid distributions on the Units in the aggregate amount of \$25.4 million or \$1.182 per Unit. During 2021, the Fund paid distributions on the Units in the aggregate amount of \$22.4 million or \$1.040 per Unit. The amount of distributions declared for the Year increased by \$7.3 million or \$0.339 per Unit due to the monthly distribution rate increasing from \$0.065 per Unit to \$0.085 per Unit commencing with the September 2021 distribution, the 2022 Distribution Increases and the 2022 Special Distribution. The amount of distributions paid for the Year increased by \$3.0 million or \$0.142 per Unit due to the monthly distribution rate increasing from \$0.065 per Unit to \$0.085 per Unit commencing with the September 2021 distribution, the 2022 Distribution Increases and the 2022 Special Distribution, which was partially offset by the special distribution of \$0.200 per Unit that was declared on December 16, 2020 and paid on January 29, 2021 to Unitholders of record at the close of business on December 31, 2020 (the **"2020 Special Distribution"**).

On February 8, 2023, the trustees of the Fund declared a distribution for the period of January 1, 2023 to January 31, 2023 of \$0.102 per Unit, which will be payable on February 28, 2023 to Unitholders of record on February 21, 2023. Including the January 2023 distribution, which will be paid on February 28, 2023, the Fund will have paid out total distributions of \$397.7 million or \$24.85 per Unit which includes 241 monthly distributions, the 2022 Special Distribution and the 2020 Special Distribution.

FINANCIAL SUMMARY

The tables below set out selected information from the Fund's audited annual consolidated financial statements together with other data and should be read in conjunction with the audited annual consolidated financial statements and MD&A of the Fund for the years ended December 31, 2022 and 2021.

<i>For the years ended December 31</i>	2022	2021	2020
(in thousands of dollars – except restaurants, SRS, Payout Ratio and per Unit items)			
Number of restaurants in Royalty Pool	383	387	395
Franchise Sales reported by restaurants in the Royalty Pool	854,997	660,051	613,199
Royalty income ⁶	34,200	26,402	24,528
Distribution Income ⁷	11,273	8,752	8,114
Total revenue	45,473	35,154	32,642
Administrative expenses	(1,390)	(1,299)	(1,439)
Interest expense on debt and financing fees	(3,614)	(3,879)	(3,360)
Interest expense on Class B Unit liability	(3,690)	(2,506)	(2,085)
Interest income	107	94	144
Profit before fair value gain (loss) and income taxes	36,886	27,564	25,902
Fair value (loss) gain on investment in BP Canada LP	(2,019)	25,206	(14,349)
Fair value gain (loss) on Class B Unit liability	899	(11,229)	6,382
Fair value gain (loss) on Swaps	3,891	2,303	(2,064)
Current and deferred income tax expense	(9,074)	(6,437)	(6,301)
Net and comprehensive income	30,583	37,407	9,570
Basic earnings per Unit	1.42	1.74	0.44
Diluted earnings per Unit	1.31	1.74	0.17
<u>Distributable Cash³ / Distributions / Payout Ratio⁶</u>			
Cash flows generated from operating activities	34,355	30,475	22,866
BPI Class B Unit entitlement ⁸	(3,679)	(2,770)	(2,450)
Interest paid on long-term debt	(3,576)	(3,692)	(3,157)
Principal repayments on long-term debt	(1,500)	(3,787)	(690)
Current income tax expense	(8,914)	(6,307)	(6,141)
Current income tax paid	8,904	6,520	5,871
Distributable Cash ³	25,590	20,439	16,299
Distributions paid	25,438	22,382	11,120
Payout Ratio ⁵	99.4%	109.5%	68.2%
Distributable Cash per Unit ⁴	1.189	0.950	0.756
Distributions paid per Unit	1.182	1.040	0.516
<u>Other</u>			
Same Restaurant Sales ²	30.4%	8.5%	(27.6%)
Number of restaurants opened	0	0	2
Number of restaurants closed	6	4	11
<i>As at December 31</i>	2022	2021	2020
Total assets	413,701	411,313	390,804
Total liabilities	133,123	135,514	133,904

SUMMARY OF QUARTERLY RESULTS

	Q4 2022	Q3 2022	Q2 2022	Q1 2022
(in thousands of dollars – except restaurants, SRS, Payout Ratio and per Unit items)				
Number of restaurants in Royalty Pool	383	383	383	383
Franchise Sales reported by restaurants in the Royalty Pool	227,163	229,848	219,384	178,602
Royalty income	9,087	9,194	8,775	7,144
Distribution Income	2,988	3,027	2,895	2,363
Total revenue	12,075	12,221	11,670	9,507
Administrative expenses	(369)	(334)	(349)	(338)
Interest expense on debt and financing fees	(812)	(886)	(977)	(939)
Interest expense on Class B Unit liability	(1,557)	(835)	(733)	(565)
Interest income	61	31	10	5
Profit before fair value (loss) gain and income taxes	9,398	10,197	9,621	7,670
Fair value (loss) gain on investment in BP Canada LP	(1,146)	2,183	(14,622)	11,566
Fair value gain (loss) on Class B Unit liability	510	(972)	6,515	(5,154)
Fair value gain on Swaps	106	572	1,337	1,876
Current and deferred income tax expense	(2,462)	(2,478)	(1,075)	(3,059)
Net and comprehensive income	6,406	9,502	1,776	12,899
Basic earnings per Unit	0.30	0.44	0.08	0.60
Diluted earnings (loss) per Unit	0.26	0.41	(0.20)	0.60
<u>Distributable Cash / Distributions / Payout Ratio</u>				
Cash flows generated from operating activities	8,919	9,667	9,118	6,651
BPI Class B Unit entitlement	(1,044)	(1,083)	(888)	(664)
Interest paid on long-term debt	(799)	(939)	(954)	(884)
Principal repayments on long-term debt	-	-	(1,000)	(500)
Current income tax expense	(2,422)	(2,438)	(2,285)	(1,769)
Current income tax paid	2,585	2,270	2,185	1,864
Distributable Cash	7,239	7,477	6,176	4,698
Distributions paid	8,329	6,133	5,488	5,488
Payout Ratio	115.1%	82.0%	88.9%	116.8%
Distributable Cash per Unit	0.336	0.347	0.287	0.218
Distributions paid per Unit	0.387	0.285	0.255	0.255
<u>Other</u>				
Same Restaurant Sales	24.5%	8.4%	64.9%	39.1%
Number of restaurants opened	0	0	0	0
Number of restaurants closed	3	1	0	2

SUMMARY OF QUARTERLY RESULTS (continued)

	Q4 2021	Q3 2021	Q2 2021	Q1 2021
<small>(in thousands of dollars – except restaurants, SRS, Payout Ratio and per Unit items)</small>				
Number of restaurants in Royalty Pool	387	387	387	387
Franchise Sales reported by restaurants in the Royalty Pool	183,177	213,038	134,839	128,997
Royalty income	7,327	8,522	5,393	5,160
Distribution Income	2,423	2,815	1,797	1,717
Total revenue	9,750	11,337	7,190	6,877
Administrative expenses	(327)	(317)	(309)	(346)
Interest expense on debt and financing fees	(939)	(1,000)	(999)	(941)
Interest expense on Class B Unit liability	(1,037)	(450)	(605)	(414)
Interest income	7	18	29	40
Profit before fair value gain (loss) and income taxes	7,454	9,588	5,306	5,216
Fair value gain (loss) on investment in BP Canada LP	11,294	(3,928)	6,274	11,566
Fair value (loss) gain on Class B Unit liability	(5,032)	1,751	(2,796)	(5,152)
Fair value gain on Swaps	730	262	193	1,118
Current and deferred income tax expense	(1,804)	(2,230)	(1,235)	(1,168)
Net and comprehensive income	12,642	5,443	7,742	11,580
Basic earnings per Unit	0.59	0.25	0.36	0.54
Diluted earnings per Unit	0.59	0.13	0.36	0.54
<u>Distributable Cash / Distributions / Payout Ratio</u>				
Cash flows generated from operating activities	8,524	9,586	6,448	5,917
BPI Class B Unit entitlement	(858)	(923)	(523)	(466)
Interest paid on long-term debt	(892)	(991)	(929)	(880)
Principal repayments on long-term debt	(679)	(1,036)	(1,036)	(1,036)
Current income tax expense	(1,814)	(2,190)	(1,185)	(1,118)
Current income tax paid	1,790	2,230	1,250	1,250
Distributable Cash	6,071	6,676	4,025	3,667
Distributions paid	5,488	4,196	4,197	8,501
Payout Ratio	90.4%	62.9%	104.3%	231.8%
Distributable Cash per Unit	0.282	0.310	0.187	0.170
Distributions paid per Unit	0.255	0.195	0.195	0.395
<u>Other</u>				
Same Restaurant Sales	25.5%	15.1%	27.0%	(24.9%)
Number of restaurants opened	0	0	0	0
Number of restaurants closed	2	0	1	1

SHORT-TERM OUTLOOK

The two principal factors that affect SRS are changes in guest traffic and changes in average guest cheque. BPI's and BP Canada LP's strategies to drive higher guest traffic include attracting a wide variety of guests into the restaurant, sports bar and take-out and delivery parts of each location, offering a compelling value proposition to guests and leveraging a larger marketing budget versus the previous year along with a revised calendar of national and local store promotions. Increased average cheque levels are expected to be achieved through a combination of culinary innovation and annual menu re-pricing.

The actions taken by BPI and BP Canada LP to strengthen its business during COVID-19 have allowed BPI and BP Canada LP to be in a good position to address any on-going COVID-19 related challenges or other future challenges in the restaurant industry. The easing and elimination of government-imposed restrictions in Canada related to COVID-19 has enabled Boston Pizza to continue to drive improved performance and guest traffic. However, with supply chain challenges, rising interest rates, increasing input costs and labour shortages impacting most of the restaurant industry, BPI's management remains cautious. The focus of BPI's management is to adapt the business to mitigate these challenges and capitalize on the recent sales momentum resulting from the elimination of COVID restrictions in the restaurant industry.

The trustees of the Fund will continue to closely monitor the Fund's available cash balances given the volatile economic outlook.

Forward Looking Information

Certain information in this press release constitutes "forward-looking information" that involves known and unknown risks, uncertainties, future expectations and other factors which may cause the actual results, performance or achievements of the Fund, Boston Pizza Holdings Trust, Boston Pizza Royalties Limited Partnership, Boston Pizza Holdings Limited Partnership, Boston Pizza Holdings GP Inc., Boston Pizza GP Inc., BPI, BP Canada LP, Boston Pizza Canada Holdings Inc., Boston Pizza Canada Holdings Partnership, Boston Pizza restaurants, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that the Fund or its trustees expect or anticipate will or may occur in the future, including such things as, the continued impact of COVID-19 on the business of the Fund, BPI and BP Canada LP and the operation of Boston Pizza restaurants; Boston Pizza restaurants generally experiencing higher Franchise Sales levels during the summer months when restaurants open their patios and benefit from increased tourist traffic; BPI and BP Canada LP's ability to implement strategies driving higher guest traffic and increased average cheque levels; continued improved performance and guest traffic due to the easing and elimination of government-imposed COVID-19 restrictions in the Canadian restaurant industry; the focus of BPI's management to adapt the business to mitigate challenges related to supply chain, rising interest rates, increasing input costs and labour shortages; the trustees of the Fund continuing to closely monitor the Fund's available cash balances given the volatile economic outlook; and other such matters are forward-looking information. When used in this press release, forward-looking information may include words such as "anticipate", "estimate", "may", "will", "expect", "believe", "plan", "should", "continue" and other similar terminology. The material factors and assumptions used to develop the forward-looking information contained in this press release include the following: the Fund maintaining the same distribution policy; expectations related to future general economic conditions; implementation of culinary innovation and menu re-pricing; expectations that the Fund's Payout Ratio is typically higher in the first and fourth quarter; Boston Pizza restaurants maintaining operational excellence; the COVID-19 pandemic continuing to negatively impact the restaurant industry, Franchise Sales, SRS and Distributable Cash; and that COVID-19 and its negative impacts will eventually dissipate. Risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievement expressed or implied by the forward-looking information contained herein, relate to (among others): competition; demographic trends; consumer preferences and discretionary spending patterns; business and economic conditions; legislation and government regulation; reliance on operating revenues; accounting policies and practices; the results of operations and financial condition of BPI, BP Canada LP and the Fund; pandemics and national health crises, in particular COVID-19, as well as those factors discussed under the heading "Risks and Uncertainties" in the most recent Annual Information Form of the Fund. This information reflects current expectations regarding future events and operating performance and speaks only as of the date of this press release. Except as required by law, neither the Fund nor BPI assumes any obligation to update previously disclosed forward-looking information. For a complete list of the risks associated with forward-looking information and the Fund's business, please refer to the "Risks and Uncertainties" and "Note Regarding Forward-Looking Information" sections included in the most recent Annual Information Form of the Fund available at www.sedar.com and www.bpincomefund.com.

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

FOR FURTHER INFORMATION PLEASE CONTACT:

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

- 1 "Franchise Sales" is the basis upon which Royalty and Distribution Income are payable, and means the gross revenue: (i) of the corporate Boston Pizza restaurants in Canada owned by BPI that are in the Royalty Pool; and (ii) reported to BP Canada LP by franchised Boston Pizza restaurants in Canada that are in the Royalty Pool, without audit or other form of independent assurance, and in the case of both (i) and (ii), after deducting revenue from the sale of liquor, beer, wine and revenue from BP Canada LP approved national promotions and discounts and excluding applicable sales and similar taxes. Nevertheless, BP Canada LP periodically conducts audits of the Franchise Sales reported to it by its franchisees, and the Franchise Sales reported herein include results from sales audits of earlier periods. Franchise Sales is reported on a quarterly basis in the Fund's financial statements.

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

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- 7 **“Distribution Income”** is income received indirectly by the Fund on Class 1 LP Units and Class 2 LP Units of BP Canada LP. See the “Overview – Purpose of the Fund / Sources of Revenue” section of the Fund’s MD&A for the Period for more details.
- 8 **“BPI Class B Unit entitlement”** is a supplementary financial measure under NI 52-112 and therefore may not be comparable to similar measures presented by other issuers. The BPI Class B Unit entitlement is the interest expense on Class B Units in respect of a period plus management’s estimate of how much cash BPI would be entitled to receive pursuant to the limited partnership agreement governing Royalties LP (a copy of which is available on www.sedar.com) on its Class B Units if Royalties LP fully distributed any residual cash generated in respect of that period after the Fund pays interest on long-term debt, principal repayments on long-term debt and SIFT Tax on Units in respect of that period. Management believes that the BPI Class B Unit entitlement is an important component in calculating Distributable Cash since it represents the amount of residual cash generated that BPI would be entitled to receive and therefore would not be available for distribution to Unitholders. Management prepares such estimate using reasonable and supportable assumptions that reflect the Fund’s planned courses of action given management’s judgment about the most probable set of economic conditions.