



ANNUAL REPORT 2025

BOSTON PIZZA ROYALTIES INCOME FUND





HISTORY OF BOSTON PIZZA

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

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

Boston Pizza Royalties Income Fund (the "Fund") was established in 2002 and began trading on the Toronto Stock Exchange ("TSX") under the symbol BPF.UN following its initial public offering on July 17 of that year. As part of its initial public offering, the Fund indirectly acquired the Canadian trademarks owned by BPI and licensed their use back to BPI in exchange for which BPI pays the Fund 4.0% of franchise sales from Boston Pizza restaurants in the Fund's royalty pool. In 2015, the Fund increased its interest in franchise sales from Boston Pizza restaurants in the Fund's royalty pool from 4.0% to 5.5%. In 2022, the Fund proudly celebrated its 20th anniversary on the TSX. As of January 1, 2026, there are 372 Boston Pizza restaurants in the Fund's royalty pool.

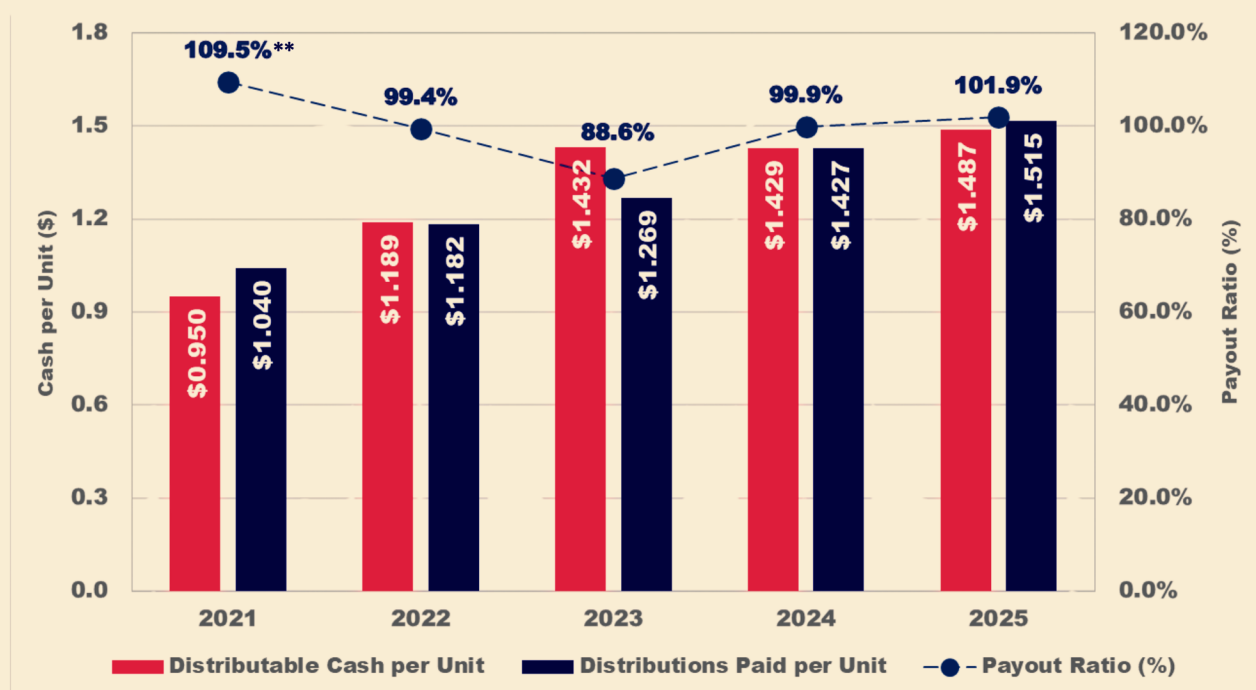
From its humble beginnings to becoming a beloved institution, Boston Pizza has been a gathering place for communities across Canada for over 60 years, providing guests with much needed opportunities to share food, share life and connect. In every Boston Pizza location, guests enjoy a comfortable atmosphere, professional service and an appealing and diverse menu. Whether it's a business lunch, family dinner or watching the game with friends, Boston Pizza provides its guests the opportunity to enjoy great food in a relaxed and inviting setting. In addition to its welcoming dine-in experience, Boston Pizza has built a strong takeout and delivery business, which accounted for over 20% of total sales across the chain in 2025. It is this combination of key ingredients that has enabled Boston Pizza to serve more guests in more locations than any other full-service restaurant brand in Canada.

2025 HIGHLIGHTS

- 2025 was the highest year for total Franchise Sales. Annual Franchise Sales of \$976.3 million for the Year, representing an increase of 4.8% compared to 2024.
- System-Wide Gross Sales* (see page 101) of \$1.2 billion, representing an increase of 4.2% compared to 2024.
- Same Restaurant Sales* (see page 10) of 4.7% for the Year.
- Cash flows generated from operating activities of \$39.7 million for the Year, representing an increase of 4.1% compared to 2024.
- Distributable Cash* (see page 10) increased 4.1% for the Year, and Distributable Cash per Unit* (see page 10) increased 4.1% for the Year.
- Payout Ratio* (see page 10) of 101.9% for the Year. Cash balance at the end of the Year was \$3.9 million.
- The Fund increased its monthly distribution rate with the July 2025 distribution from \$0.115 to \$0.120 per unit of the Fund (“Unit”).
- In December 2025, the Fund announced a special cash distribution to unitholders of \$0.110 per Unit.

*Non-GAAP Financial Measure, Non-GAAP Ratio or Supplementary Financial Measure under National Instrument 52-II2. See page reference for details.

DISTRIBUTIONS PER UNIT AND PAYOUT RATIO



** A special distribution of \$0.20 per unit was declared in December 2020 and paid in January 2021. The 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 includes the special distribution paid on January 29, 2021, even though the cash generated to fund the special distribution was generated in 2020. If the special distribution was included in the calculation of Payout Ratio in the year it was declared and in respect of which the Distributable Cash was generated, being 2020 rather than 2021, the Payout Ratio would have been 88.4% for 2021.



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MESSAGE FROM THE CHAIR OF BOSTON PIZZA ROYALTIES INCOME FUND

On behalf of the trustees, I am pleased to present the 2025 Annual Report for Boston Pizza Royalties Income Fund (the “Fund”). As we reflect on the past year, we are proud of the Fund’s strong performance and resilience in navigating a complex and evolving economic landscape, while continuing to deliver meaningful value to our unitholders.

The operating environment in 2025 remained challenging for the restaurant industry. Economic uncertainty, ongoing inflationary pressures, and an evolving global trade landscape, including the introduction and escalation of tariffs, continued to influence consumer confidence and spending behavior. Despite these headwinds, the Boston Pizza system demonstrated exceptional strength and adaptability.

We are particularly pleased that Boston Pizza delivered strong sales performance throughout 2025, achieving record franchise sales throughout the year. This outstanding performance reflects the strength of the brand, the effectiveness of system-wide initiatives, and the dedication of franchisees and their teams across the country. The robust sales performance translated into solid royalty income for the Fund and led to increased distributions to unitholders.

On August 13, 2025, the trustees approved an increase to the Fund’s monthly cash distribution to \$0.120 per unit, up from \$0.115 per unit, representing an increase of 4.3%. This increase underscores our confidence in the sustained performance and cash-generating capability of the Boston Pizza system.

In addition, on December 8, 2025, the trustees declared a special cash distribution of \$0.110 per unit, paid to unitholders on December 31, 2025. This special distribution reflects the Fund’s strong financial position and our ongoing commitment to distributing available cash to unitholders when appropriate to do so.

The trustees remain committed to the highest standards of governance, accountability, and transparency. Throughout 2025, we continued to enhance our governance and disclosure practices, with a continued emphasis on risk oversight, internal controls, and financial reporting integrity. In particular, the trustees and the audit committee remained vigilant in monitoring the broader economic environment, including macroeconomic conditions, trade developments, and other emerging risks that may impact the Fund and the Boston Pizza system.

As global and domestic economic conditions continue to evolve, the trustees remain focused on prudent oversight and long-term sustainability. While uncertainty persists, we believe the Fund is well-positioned due to its resilient business model, strong brand fundamentals, and disciplined approach to capital management.

On behalf of the trustees, I would like to thank our unitholders for their continued trust and support. I also extend our sincere appreciation to Boston Pizza International Inc., the franchisees, and their dedicated employees for their commitment, hard work, and contribution to another successful year.

Looking ahead, the trustees remain confident in the Fund’s ability to navigate ongoing challenges while capitalizing on opportunities in the dynamic restaurant industry. Through strong governance, careful risk management, and close collaboration with our partners, we will continue to focus on delivering sustainable value to unitholders.



Marc Guay
Chair, Boston Pizza Royalties Income Fund





MESSAGE FROM THE PRESIDENT OF BOSTON PIZZA INTERNATIONAL INC.

On behalf of Boston Pizza International Inc. (“BPI”), its board of directors, management team and employees, I am pleased to present our 2025 Annual Report. This report covers the fiscal year-ended December 31, 2025 (the “Year”).

Readers are cautioned that they should refer to the annual audited consolidated financial statements and Management’s Discussion and Analysis of BPI for the fiscal year-ended December 31, 2025, available on SEDAR+ at www.sedarplus.ca and on the Boston Pizza Royalties Income Fund’s website at www.bpincomefund.com, for a full description of BPI’s financial results.

HIGHLIGHTS

- Annual system-wide gross sales of \$1.2 billion for the Year, representing an increase of 4.2%, compared to 2024.
- Same restaurant sales of 4.7% for the Year.
- Launched a refreshed Boston Pizza brand in June 2025, highlighted by only the second rondel design in the brand’s 61-year history.
- Raised approximately \$1.8 million in 2025 for Boston Pizza Foundation, bringing the aggregate total to over \$40 million raised and donated since the inception of the Boston Pizza Foundation in 1990.
- Boston Pizza restaurants achieved the highest total annual sales ever recorded in 2025, solidifying Boston Pizza as Canada’s number one full-service restaurant company.

OPERATIONAL HIGHLIGHTS

Throughout 2025, we delivered strong sales across the Boston Pizza system, demonstrating the resilience of our business model and the enduring strength of our brand. While the restaurant industry continued to navigate affordability pressures, rising living costs, and trade-related uncertainty, we benefited from increased domestic tourism and sustained guest engagement. Our ability to adapt, execute, and connect with guests positioned us well throughout the year and provides a solid foundation as we look ahead.

Heightened trade tensions between Canada and the United States, including the implementation of tariffs and counter-tariffs, contributed to broader macroeconomic uncertainty. Despite this backdrop, Boston Pizza remains well positioned, supported by a predominantly domestic supply chain that limits exposure to tariff-related cost pressures. In addition, reduced cross-border travel has encouraged greater consumer support for Canadian brands, providing incremental tailwinds for the business.

Against this environment, Boston Pizza restaurants continued to generate strong franchise sales by delivering quality, value, and convenience across both on-premise and off-premise channels. We remain proactive and agile, focused on driving sales, optimizing operations, and protecting restaurant-level profitability as the business moves into 2026.

Supporting local communities is central to the Boston Pizza brand. In 2025, the Boston Pizza Foundation’s Looking After Local program raised approximately \$1.8 million, bringing cumulative funds raised and donated since 1990 to over \$40 million. By keeping funds raised within the communities where they are generated, the program enables Boston Pizza restaurants to directly support local causes across Canada.

Recognizing the increasing importance of cybersecurity, we further enhanced our cybersecurity framework in 2025 through the implementation of advanced technologies and best practices. These measures are designed to protect sensitive information across our corporate and restaurant operations and to support the security, reliability, and continuity of our systems.

In the first quarter of 2025, Boston Pizza delivered record-high franchise sales, supported by strong same restaurant sales. Value-driven promotions resonated with guests nationwide, while continued momentum in take-out and delivery contributed meaningfully to results. The quarter began with our Pasta Tuesday All Month Long campaign, offering exceptional value during a period of heightened price sensitivity and aligning with the winter sports calendar through our continued partnership with Hockey Night in Canada. Valentine's Day was marked by our Heart-Shaped Pizza campaign, which raised over \$600,000 for the Boston Pizza Foundation through donations of \$1 from every pizza sold, reinforcing our commitment to local communities.

The second quarter delivered the strongest same restaurant sales growth since the first quarter of 2012, excluding COVID recovery quarters, reflecting the continued effectiveness of our promotional strategy and sustained off-premise demand. During the hockey playoffs, our Manifest a Win campaign enhanced the sports bar experience through innovative menu offerings and broad-based media support across digital, television, and social platforms. The presence of a Canadian team advancing deep into the playoffs further supported strong guest traffic.

June 2025 marked a defining moment for Boston Pizza with the launch of a refreshed brand identity and rejuvenated main menu, highlighted by only the second rondel design in the brand's 61-year history. The update has been positively received by guests, strengthening Boston Pizza's connection with both long-standing fans and new audiences. Complementing this milestone, Boston Pizza also announced a new partnership with Live Nation, designed to deepen engagement with younger guest demographics.

During the third quarter, Boston Pizza delivered its third consecutive quarter of record franchise sales, reflecting strong and consistent momentum throughout the Year. A summer promotion in partnership with Live Nation featured a national giveaway of more than 400 concert tickets and was complemented by a refreshed menu. Our popular Kids Cards promotion also returned, raising over \$1.1 million for the Boston Pizza Foundation, and a successful Kids Eat Free campaign that further strengthened family engagement.

In October 2025, approximately 1,000 general managers, kitchen managers, franchisees, suppliers, and corporate employees gathered in Edmonton, Alberta for our leadership conference. Grounded in a people-first leadership approach, the event strengthened collaboration across the system and focused on equipping our teams with the tools, insights, and best practices needed to elevate the guest experience, improve restaurant-level profitability, and sustain the strong sales momentum achieved throughout the year. Sessions highlighted operational excellence, team development, and innovation in food and restaurant technology to support long-term success for our franchisees.

Boston Pizza delivered solid fourth-quarter results, supported by strong sales and heightened guest traffic driven by a Canadian team's advancement into the World Series. The quarter began with the launch of our Game Day menu aligned with football season, supported by weekly giveaways and extensive marketing to drive fan engagement. In addition, our 2025 Holiday campaign showcased new favourites and innovative pasta dishes and was complemented by our annual gift card incentive program, under which guests received a \$10 promotional card with the minimum purchase of \$50 in gift cards.

On behalf of Boston Pizza International Inc., I would like to thank our loyal guests, dedicated franchisees and team members, valued business partners, and the communities we serve for their continued trust and support. We are proud to be part of the communities we serve and grateful to everyone who contributes to the Boston Pizza family.

As we enter 2026, we remain vigilant in monitoring economic and geopolitical uncertainty while encouraged by the sustained momentum in our business. With a trusted national brand, disciplined execution, and a resilient operating model, Boston Pizza is well positioned to continue delivering strong performance and long-term growth.

On behalf of Boston Pizza International Inc.,



Jordan Holm
President, Boston Pizza International Inc.

MESSAGE FROM THE PRESIDENT OF BOSTON PIZZA INTERNATIONAL INC.

Forward Looking Information

Certain information in this message 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 Boston Pizza Royalties Income Fund (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, Boston Pizza Canada Limited Partnership (“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 message that address activities, events or developments that BPI and BP Canada LP expects or anticipates will or may occur in the future, are forward-looking information, including such things as: our ability to adapt, execute and connect with guest providing a solid foundation as we look ahead; being well positioned by a predominantly domestic supply chain that limits exposure to tariff-related cost pressures; remaining proactive and agile, focused on driving sales, optimizing operations, and protecting restaurant-level profitability in 2026; charitable funds raised enabling Boston Pizza restaurants to directly support local causes across Canada; advanced technologies and best practices being designed to protect sensitive information across our corporate and restaurant operations; our 2025 leadership conference providing strategies and tools that will improve restaurant-level profitability and sustain the strong sales momentum achieved throughout 2025; remaining vigilant in monitoring economic and geopolitical uncertainty; and Boston Pizza being well positioned to continue delivering strong performance and long-term growth. When used in this message, 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 message include the following: expectations related to future general economic conditions, Boston Pizza restaurants maintaining operational excellence, and supply chain challenges, rising interest rates, and increasing input costs and labour shortages may continue to negatively impact the restaurant industry. Risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievement expressed or implied by the forward-looking information contained herein, relate to (among others): competition, demographic trends, consumer preferences and discretionary spending patterns, business and economic conditions, legislation and regulation, reliance on operating revenues, accounting policies and practices, the results of operations and financial condition of BPI and BP Canada LP, 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 message. Except as required by law, neither BPI, BP Canada LP nor the Fund assumes any obligation to update previously disclosed forward-looking information. For a complete list of the risks associated with forward-looking information and BPI’s and BP Canada LP’s business, please refer to the “Risks and Risk Management” and “Note Regarding Forward-Looking Information” sections included in the Annual Information Form of the Fund dated February 12, 2026 and BPI’s Management’s Discussion and Analysis for the year ended December 31, 2025, both of which are available at www.sedarplus.ca and www.bpincomefund.com.



BOSTON PIZZA ROYALTIES INCOME FUND

**Management's Discussion and Analysis
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MANAGEMENT'S DISCUSSION AND ANALYSIS
BOSTON PIZZA ROYALTIES INCOME FUND
For the Period and Year ended December 31, 2025

FINANCIAL HIGHLIGHTS

The tables below set out selected information from the audited annual consolidated financial statements of Boston Pizza Royalties Income Fund (the "**Fund**"), which includes the accounts of the Fund, its wholly-owned subsidiaries Boston Pizza Holdings Trust (the "**Trust**"), Boston Pizza Holdings GP Inc. ("**Holdings GP**") and Boston Pizza Holdings Limited Partnership ("**Holdings LP**"), its 80% owned subsidiary Boston Pizza GP Inc. ("**Royalties GP**"), and Boston Pizza Royalties Limited Partnership ("**Royalties LP**"), together with other information and should be read in conjunction with the audited annual consolidated financial statements of the Fund for the years ended December 31, 2025 and December 31, 2024.

The financial information in the tables included in this Management's Discussion and Analysis ("**MD&A**") are reported in accordance with IFRS Accounting Standards ("**IFRS**") except as otherwise noted and are stated in Canadian dollars. Capitalized terms used in the tables and notes below are defined elsewhere in this MD&A.

<i>For the years ended December 31</i>	2025	2024	2023
<i>(in thousands of dollars – except restaurants, SRS, Payout Ratio and per Unit items)</i>			
Number of restaurants in Royalty Pool	372	372	377
Franchise Sales reported by restaurants in the Royalty Pool	976,255	931,652	925,655
Royalty Income	39,050	37,266	37,026
Distribution Income	12,837	12,242	12,167
Total revenue	51,887	49,508	49,193
Administrative expenses	(1,540)	(1,713)	(1,489)
Interest expense on debt and financing fees	(3,485)	(3,517)	(3,370)
Interest expense on Class B Unit liability	(4,773)	(4,506)	(3,990)
Interest income	170	274	276
Profit before fair value gain (loss) and income taxes	42,259	40,046	40,620
Fair value gain on investment in BP Canada LP	27,933	11,730	1,364
Fair value loss on Class B Unit liability	(12,446)	(5,226)	(608)
Fair value loss on Swaps	(865)	(2,607)	(1,436)
Current and deferred income tax expense	(14,715)	(12,071)	(10,374)
Net and comprehensive income	42,166	31,872	29,566
Basic earnings per Unit	1.98	1.50	1.38
Diluted earnings per Unit	1.98	1.50	1.34
<u>Distributable Cash¹ / Distributions / Payout Ratio²</u>			
Cash flows generated from operating activities	39,698	38,122	37,926
BPI Class B Unit entitlement ³	(4,680)	(4,459)	(3,865)
Interest paid on debt	(3,392)	(3,277)	(3,404)
Current income tax expense	(10,672)	(9,993)	(9,949)
Current income tax paid	10,693	10,012	9,961
Distributable Cash	31,647	30,405	30,669
Distributions paid	32,237	30,365	27,172
Payout Ratio	101.9%	99.9%	88.6%
Distributable Cash per Unit ⁴	1.487	1.429	1.432
Distributions paid per Unit	1.515	1.427	1.269
<u>Other</u>			
Same Restaurant Sales ⁵	4.7%	0.9%	8.7%
Number of restaurants opened	0	4	1
Number of restaurants closed	0	4	6
<i>As at December 31</i>			
Total assets	449,451	422,888	413,055
Total liabilities	159,405	142,665	134,169

MANAGEMENT'S DISCUSSION AND ANALYSIS
BOSTON PIZZA ROYALTIES INCOME FUND
For the Period and Year ended December 31, 2025

Notes – Non-GAAP and Specified Financial Measures

- 1 **“Distributable Cash”** is a non-GAAP financial measure under National Instrument 52-112 - *Non-GAAP and Other Financial Measures Disclosure* (“**NI 52-112**”). Distributable Cash is not a standardized financial measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. The Fund defines Distributable Cash to be, in respect of any particular period, the Fund’s cash flows generated from operating activities for that period (being the most comparable financial measure in the Fund’s primary financial statements) minus (a) BPI’s (as defined below) entitlement in respect of its Class B Units in respect of the period (see note 3 below), minus (b) interest paid on debt during the period, minus (c) principal repayments on debt that are contractually required to be made during the period, minus (d) the current income tax expense in respect of the period, plus (e) current income tax paid during the period (the sum of (d) and (e) being “**SIFT Tax on Units**”). Management believes that Distributable Cash provides investors with useful information about the amount of cash the Fund has generated and has available for distribution on the Units in respect of any period. The tables in the “Financial Highlights” section of this MD&A provide a reconciliation from this non-GAAP financial measure to cash flows generated from operating activities, which is the most directly comparable IFRS measure. Current income tax expense in respect of any period is prepared using reasonable and supportable assumptions (including that the base rate of SIFT Tax (as defined below) will not increase throughout the calendar year and that certain expenses of the Fund will continue to be deductible for income tax purposes), all of which reflect the Fund’s planned courses of action given management’s judgment about the most probable set of economic conditions. There is a risk that the federal government of Canada could increase the base rate of SIFT Tax or that applicable taxation authorities could assess the Fund on the basis that certain expenses of the Fund are not deductible. Investors are cautioned that if either of these possibilities occurs, then the actual results for this component of Distributable Cash may vary, perhaps materially, from the amounts used in the reconciliation.
- 2 **“Payout Ratio”** is a non-GAAP ratio under NI 52-112. Payout Ratio is not a standardized financial measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. The Fund defines Payout Ratio for any period as the aggregate distributions paid by the Fund during that period divided by the Distributable Cash generated in that period. Management believes that Payout Ratio provides investors with useful information regarding the extent to which the Fund distributes cash generated on Units.
- 3 **“BPI Class B Unit entitlement”** is a supplementary financial measure under NI 52-112 and therefore may not be comparable to similar measures presented by other issuers. The BPI Class B Unit entitlement is the interest expense on Class B Units in respect of a period plus management’s estimate of how much cash BPI would be entitled to receive pursuant to the limited partnership agreement governing Royalties LP (a copy of which is available on SEDAR+ at www.sedarplus.ca) on its Class B Units if Royalties LP fully distributed any residual cash generated in respect of that period after the Fund pays interest on debt, principal repayments on debt and SIFT Tax on Units in respect of that period. Management believes that the BPI Class B Unit entitlement is an important component in calculating Distributable Cash since it represents the amount of residual cash generated that BPI would be entitled to receive and therefore would not be available for distribution to Unitholders. Management prepares such estimate using reasonable and supportable assumptions that reflect the Fund’s planned courses of action given management’s judgment about the most probable set of economic conditions.
- 4 **“Distributable Cash per Unit”** is a non-GAAP ratio under NI 52-112. Distributable Cash per Unit is not a standardized financial measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. The Fund defines Distributable Cash per Unit for any period as the Distributable Cash generated in that period divided by the weighted average number of Units outstanding during that period. Management believes that Distributable Cash per Unit provides investors with useful information regarding the amount of cash per Unit that the Fund has generated and has available for distribution in respect of any period.
- 5 **“Same Restaurant Sales”** or **“SRS”** is a supplementary financial measure under NI 52-112 and therefore may not be comparable to similar measures presented by other issuers. The Fund defines SRS as the change in Franchise Sales of Boston Pizza Restaurants as compared to the Franchise Sales for the same

MANAGEMENT'S DISCUSSION AND ANALYSIS
BOSTON PIZZA ROYALTIES INCOME FUND
For the Period and Year ended December 31, 2025

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
BOSTON PIZZA ROYALTIES INCOME FUND
For the Period and Year ended December 31, 2025

SUMMARY OF QUARTERLY RESULTS

	Q4 2025	Q3 2025	Q2 2025	Q1 2025
(in thousands of dollars – except restaurants, SRS, Payout Ratio and per Unit items)				
Number of restaurants in Royalty Pool	372	372	372	372
Franchise Sales reported by restaurants in the Royalty Pool	244,374	248,927	251,812	231,142
Royalty Income	9,775	9,957	10,072	9,246
Distribution Income	3,220	3,275	3,306	3,036
Total revenue	12,995	13,232	13,378	12,282
Administrative expenses	(367)	(352)	(412)	(409)
Interest expense on debt and financing fees	(926)	(892)	(833)	(834)
Interest expense on Class B Unit liability	(1,874)	(1,123)	(1,046)	(730)
Interest income	44	42	37	47
Profit before fair value gain (loss) and income taxes	9,872	10,907	11,124	10,356
Fair value gain (loss) on investment in BP Canada LP	8,947	6,602	14,294	(1,910)
Fair value (loss) gain on Class B Unit liability	(3,987)	(2,941)	(6,369)	851
Fair value gain (loss) on Swaps	290	(546)	94	(703)
Current and deferred income tax expense	(4,052)	(3,591)	(4,825)	(2,247)
Net and comprehensive income	11,070	10,431	14,318	6,347
Basic earnings per Unit	0.52	0.49	0.67	0.30
Diluted earnings per Unit	0.52	0.49	0.67	0.21
<u>Distributable Cash / Distributions / Payout Ratio</u>				
Cash flows generated from operating activities	9,883	10,611	9,939	9,265
BPI Class B Unit entitlement	(1,168)	(1,265)	(1,171)	(1,076)
Interest paid on debt	(893)	(851)	(818)	(830)
Current income tax expense	(2,663)	(2,734)	(2,769)	(2,506)
Current income tax paid	2,700	2,750	2,770	2,473
Distributable Cash	7,859	8,511	7,951	7,326
Distributions paid	10,001	7,554	7,341	7,341
Payout Ratio	127.3%	88.8%	92.3%	100.2%
Distributable Cash per Unit	0.369	0.400	0.374	0.344
Distributions paid per Unit	0.470	0.355	0.345	0.345
<u>Other</u>				
Same Restaurant Sales	3.7%	4.1%	6.4%	4.4%
Number of restaurants opened	0	0	0	0
Number of restaurants closed	0	0	0	0

MANAGEMENT'S DISCUSSION AND ANALYSIS
BOSTON PIZZA ROYALTIES INCOME FUND
For the Period and Year ended December 31, 2025

SUMMARY OF QUARTERLY RESULTS (CONTINUED)

	Q4 2024	Q3 2024	Q2 2024	Q1 2024
<i>(in thousands of dollars – except restaurants, SRS, Payout Ratio and per Unit items)</i>				
Number of restaurants in Royalty Pool	372	372	372	372
Franchise Sales reported by restaurants in the Royalty Pool	234,215	238,613	236,792	222,032
Royalty Income	9,369	9,544	9,472	8,881
Distribution Income	3,077	3,135	3,111	2,919
Total revenue	12,446	12,679	12,583	11,800
Administrative expenses	(401)	(379)	(497)	(436)
Interest expense on debt and financing fees	(870)	(887)	(932)	(828)
Interest expense on Class B Unit liability	(1,681)	(1,033)	(1,063)	(729)
Interest income	68	71	69	66
Profit before fair value (loss) gain and income taxes	9,562	10,451	10,160	9,873
Fair value (loss) gain on investment in BP Canada LP	(382)	8,511	1,473	2,128
Fair value gain (loss) on Class B Unit liability	170	(3,792)	(656)	(948)
Fair value (loss) gain on Swaps	(200)	(1,923)	(672)	188
Current and deferred income tax expense	(2,593)	(3,863)	(2,841)	(2,774)
Net and comprehensive income	6,557	9,384	7,464	8,467
Basic earnings per Unit	0.31	0.44	0.35	0.40
Diluted earnings per Unit	0.28	0.44	0.33	0.37
<u>Distributable Cash / Distributions / Payout Ratio</u>				
Cash flows generated from operating activities	9,419	9,990	9,613	9,100
BPI Class B Unit entitlement	(1,097)	(1,195)	(1,095)	(1,072)
Interest paid on debt	(840)	(758)	(871)	(808)
Current income tax expense	(2,523)	(2,584)	(2,521)	(2,365)
Current income tax paid	2,520	2,660	2,370	2,462
Distributable Cash	7,479	8,113	7,496	7,317
Distributions paid	8,852	7,214	7,213	7,086
Payout Ratio	118.4%	88.9%	96.2%	96.8%
Distributable Cash per Unit	0.351	0.381	0.352	0.344
Distributions paid per Unit	0.416	0.339	0.339	0.333
<u>Other</u>				
Same Restaurant Sales	3.4%	(0.6%)	1.7%	(1.0%)
Number of restaurants opened	2	0	1	1
Number of restaurants closed	0	1	0	3

MANAGEMENT'S DISCUSSION AND ANALYSIS
BOSTON PIZZA ROYALTIES INCOME FUND
For the Period and Year ended December 31, 2025

OVERVIEW

This MD&A covers the three-month period from October 1, 2025 to December 31, 2025 (the “**Period**”) and the twelve-month period from January 1, 2025 to December 31, 2025 (the “**Year**”) and is dated February 12, 2026. It provides additional analysis of the operations, financial position and financial performance of the Fund and should be read in conjunction with the Fund's applicable audited annual consolidated financial statements and accompanying notes. The audited annual consolidated financial statements of the Fund are in Canadian dollars and have been prepared in accordance with IFRS except as otherwise noted.

Purpose of the Fund / Sources of Revenue

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

The Fund has the following principal sources of revenue:

Royalty Income

Royalties LP licenses the BP Rights to BPI in return for BPI paying Royalties LP a royalty equal to 4.0% (the “**Royalty Income**”) of Franchise Sales of those Boston Pizza Restaurants included in the Royalty Pool, as defined in the license and royalty agreement dated July 17, 2002, as amended on May 9, 2005 between Royalties LP and BPI (the “**License and Royalty Agreement**”). As of December 31, 2025, there were 372 Boston Pizza Restaurants in the Royalty Pool, of which approximately 370 were operating and open for business to the public.⁷

“**Franchise Sales**” means the gross revenue: (i) of the corporate Boston Pizza Restaurants owned by BPI that are in the Royalty Pool; and (ii) reported to BP Canada LP by franchised Boston Pizza Restaurants that are in the Royalty Pool, without audit or other form of independent assurance, and in the case of both (i) and (ii), after deducting revenue from the sale of liquor, beer, wine and revenue from BP Canada LP approved national promotions and discounts and excluding applicable sales and similar taxes. Nevertheless, BP Canada LP periodically conducts audits of the Franchise Sales reported to it by its franchisees, and the Franchise Sales reported herein include results from sales audits of earlier periods.

Distribution Income

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

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

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

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

Top-Line Fund / Increases in Franchise Sales

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

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

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

Addition of New Restaurants to Royalty Pool

On January 1 of each year (each, an “**Adjustment Date**”), an adjustment is made to add to the Royalty Pool new Boston Pizza Restaurants that opened (“**New Restaurants**”) and to remove any Boston Pizza Restaurants that permanently closed since January 1 of the previous year (“**Closed Restaurants**”). In return for adding new Royalty Income and Distribution Income from the New Restaurants after subtracting the Royalty Income and Distribution Income that is lost from the Closed Restaurants⁸ (such difference, “**Net Royalty and Distribution Income**”), BPI receives the right to indirectly acquire additional Units (in respect of the Royalty Income, “**Class B Additional Entitlements**” and in respect of Distribution Income, “**Class 2 Additional Entitlements**”, and collectively, “**Additional Entitlements**”). The calculation of Additional Entitlements is designed to be accretive to unitholders of the Fund (“**Unitholders**”) as the expected increase in Net Royalty and Distribution Income is

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

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

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

Economic Uncertainties

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

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

Despite these obstacles, Boston Pizza Restaurants have consistently generated strong Franchise Sales by providing guests with quality, value and convenience, both on-premises and off-premises. BPI, BP Canada LP, and Boston Pizza Restaurants have a proven track record of adapting to evolving economic conditions and overcoming operational challenges.

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For additional information regarding economic uncertainties and the strategies and tactics used by Boston Pizza to mitigate their effects, refer to the "Risks & Risk Management – II. Risks Related to the Restaurant Industry and Business of BPI and BP Canada LP." section of this MD&A.

New Restaurant Openings, Closures and Renovations

During the Period, there were no New Restaurants (Year – nil) and no Closed Restaurants (Year – nil). As well, nine Boston Pizza Restaurants were renovated during the Period (Year – 40).

OPERATING RESULTS

Same Restaurant Sales and Franchise Sales

Period

SRS was 3.7% for the Period compared to 3.4% reported in the fourth quarter of 2024. SRS for the Period was principally due to continued momentum in take-out and delivery and effective promotional initiatives. Baseball playoffs also positively impacted SRS for the Period.

Franchise Sales of Boston Pizza Restaurants in the Royalty Pool were \$244.4 million for the Period compared to \$234.2 million for the fourth quarter of 2024. The \$10.2 million increase in Franchise Sales for the Period was primarily due to positive SRS.

Year

SRS was 4.7% for the Year compared to 0.9% reported in 2024. SRS for the Year was principally due to continued momentum in take-out and delivery, effective promotional initiatives, and favourable comparisons to a softer performance in the prior year. Hockey and baseball playoffs also positively impacted SRS for the Year.

Franchise Sales of Boston Pizza Restaurants in the Royalty Pool were \$976.3 million for the Year compared to \$931.7 million in 2024. The \$44.6 million increase in Franchise Sales for the Year was primarily due to positive SRS.

Royalty Income and Distribution Income

Period

Royalty Income and Distribution Income earned by the Fund was \$9.8 million and \$3.2 million for the Period, respectively, compared to \$9.4 million and \$3.1 million, respectively, for the fourth quarter of 2024. Royalty Income and Distribution Income in respect of the Period was based on the Royalty Pool of 372 Boston Pizza Restaurants reporting Franchise Sales of \$244.4 million. In the fourth quarter of 2024, Royalty Income and Distribution Income was based on the Royalty Pool of 372 Boston Pizza Restaurants reporting Franchise Sales of \$234.2 million. The increase in Royalty Income and Distribution Income for the Period was primarily due to positive SRS.

Year

Royalty Income and Distribution Income earned by the Fund was \$39.1 million and \$12.8 million for the Year, respectively, compared to \$37.3 million and \$12.2 million, respectively, in 2024. Royalty Income and Distribution Income for the Year was based on the Royalty Pool of 372 Boston Pizza Restaurants reporting Franchise Sales of \$976.3 million. In 2024, Royalty Income and Distribution Income was based on the Royalty Pool of 372 Boston Pizza Restaurants reporting Franchise Sales of \$931.7 million. The increase in Royalty Income and Distribution Income for the Year was primarily due to positive SRS.

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Administrative Expenses

Period

Administrative expenses incurred by the Fund were \$0.4 million for the Period, unchanged from the fourth quarter of 2024. Administrative expenses are comprised of professional fees, Trustee (as defined below) fees and expenses, the reimbursement charge payable to BPI and other general and administrative expenses.

Year

Administrative expenses incurred by the Fund were \$1.5 million for the Year compared to \$1.7 million in 2024. The decrease in administrative expenses was primarily due to lower professional fees incurred.

Net Interest Expense

Period

Net interest expense incurred by the Fund totaled \$2.8 million for the Period, comprised of interest on Class B Units of \$1.9 million and interest on debt and financing fees of \$0.9 million. Net interest expense incurred by the Fund totaled \$2.5 million for the fourth quarter of 2024, comprised of interest on Class B Units of \$1.7 million and interest on debt and financing fees of \$0.9 million, partially offset by interest income of \$0.1 million. The Class B Units are classified as financial liabilities and therefore, amounts paid by Royalties LP to BPI in respect of the Class B Units are classified as interest expense and not distributions. The \$0.3 million increase in net interest expense for the Period was primarily due to a \$0.2 million increase in interest expense on Class B Units due to the 2024 Distribution Increase, the 2025 Distribution Increase and the Net Higher Special Distribution (all as defined below) and a \$0.1 million decrease in interest income. See the "Liquidity & Capital Resources – Indebtedness" section of this MD&A for more details on the Credit Facilities and the "Distributions" section for more details on the 2024 Distribution Increase, the 2025 Distribution Increase and the Net Higher Special Distribution.

Year

Net interest expense incurred by the Fund totaled \$8.1 million for the Year, comprised of interest on Class B Units of \$4.8 million and interest on debt and financing fees of \$3.5 million, partially offset by interest income of \$0.2 million. Net interest expense incurred by the Fund totaled \$7.7 million in 2024, comprised of interest on Class B Units of \$4.5 million and interest on debt and financing fees of \$3.5 million, partially offset by interest income of \$0.3 million. The increase in net interest expense for the Year was primarily due to a \$0.3 million increase in interest expense on Class B Units due to the 2024 Distribution Increase, the 2025 Distribution Increase and the Net Higher Special Distribution, and a \$0.1 million decrease in interest income.

Profit before Fair Value Gain (Loss) and Income Taxes

Period

The Fund's profit before fair value gain (loss) and income taxes was \$9.9 million for the Period compared to \$9.6 million for the fourth quarter of 2024. The \$0.3 million increase in profit before fair value gain (loss) and income taxes for the Period was primarily due to an increase in Royalty Income and Distribution Income of \$0.6 million, partially offset by an increase in net interest expense of \$0.3 million.

Year

The Fund's profit before fair value gain (loss) and income taxes was \$42.3 million for the Year compared to \$40.0 million in 2024. The \$2.3 million increase in profit before fair value gain (loss) and income taxes for the Year was primarily due to an increase in Royalty Income and Distribution Income of \$2.4 million and a decrease in administrative expenses of \$0.2 million, partially offset by an increase in net interest expense of \$0.3 million.

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Fair Value Gain (Loss)

The Fund classifies the investment in Class 1 LP Units and Class 2 LP Units as financial assets at fair value through profit or loss, the Class B Unit liability as a financial liability at fair value through profit or loss, and Swaps (as defined below) as derivative instruments. As such, fair value adjustments are recognized in the Fund's statements of comprehensive income in accordance with IFRS. For additional information regarding Swaps, refer to the "Liquidity & Capital Resources – Interest Rate Swaps" section of this MD&A. For additional information regarding financial liabilities and assets at fair value, refer to the "Critical Accounting Estimates and Judgments" section of this MD&A.

Period

During the Period, the Fund recognized a fair value gain of \$5.3 million compared to a fair value loss of \$0.4 million for the same period in 2024. The change in fair value was principally due to the change in the price of Units, which is used to estimate the value of the Class 2 LP Units and upon which the Class B Unit liability is measured. Changes in interest rates, upon which the Swaps are measured, also impact the change in fair value.

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

The Fund estimates the fair value of the Class 2 LP Units by multiplying the number of Class 2 LP Units indirectly held by the Fund at the end of the Period by the closing price of the Units on the last business day of the Period. Based on the Fund's closing price of \$22.60 per Unit on December 31, 2025 (September 30, 2025 – \$20.96 per Unit) and the 5,455,762 Class 2 LP Units held by the Fund (September 30, 2025 – 5,455,762), the fair value of the Class 2 LP Units was estimated to be \$123.3 million (September 30, 2025 – \$114.4 million), resulting in a fair value gain of \$8.9 million for the Period. In general, the fair value of the Class 2 LP Units will increase as the market price of Units increases and vice versa.

The Fund estimates the fair value of the Class B Unit liability by multiplying the number of Units that BPI would be entitled to receive if it exchanged all of the Class B Units (including the Class B Holdback) held by BPI at the end of the Period by the closing price of the Units on the last business day of the Period. Based on the Fund's closing price of \$22.60 per Unit on December 31, 2025 (September 30, 2025 – \$20.96 per Unit) and the 2,430,823 Units BPI would be entitled to receive if it exchanged all of the Class B Units (including the Class B Holdback) held by BPI (September 30, 2025 – 2,430,823), the Class B Unit liability (on a fully-diluted basis) was valued at \$54.9 million (September 30, 2025 – \$51.0 million), resulting in a fair value loss of \$3.9 million. In general, the Fund's Class B Unit liability will increase as the market price of Units increases and vice versa. In addition, the Fund's Class B Unit liability increases as the number of Units BPI would be entitled to receive if it exchanged all of its Class B Units (including the Class B Holdback) increases and vice versa.

The Fund recognized a fair value gain of \$0.3 million in the Period as a result of the increase in the fair value of the Swaps due to changes in interest rates during the Period. For the same period in 2024, the Fund recognized a fair value loss of \$0.2 million as a result of the decrease in the fair value of the Swaps due to changes in interest rates.

Year

During the Year, the Fund recognized a fair value gain of \$14.6 million compared to \$3.9 million for 2024. The change in fair value was principally due to the change in the price of Units, which is used to estimate the value of the Class 2 LP Units and upon which the Class B Unit liability is measured. Changes in interest rates, upon which the Swaps are measured, also impact the change in fair value.

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

As at December 31, 2024, the Fund indirectly held 5,455,762 Class 2 LP Units and the Fund's closing price was \$17.48. Consequently, the Fund estimated the fair value of the Class 2 LP Units as at December 31, 2024 to be \$95.4 million. As discussed above, the Fund estimated the fair value of the Class 2 LP Units as at December 31, 2025 to be \$123.3 million, resulting in a fair value gain of \$27.9 million for the Year. In general, the fair value of the Class 2 LP Units will increase as the market price of Units increases and vice versa.

As at December 31, 2024, the number of Units BPI would be entitled to receive if it exchanged all of the Class B Units (including the Class B Holdback) held by BPI was 2,430,823 and the Fund's closing price was \$17.48 per Unit. The Class B Unit liability (on a fully-diluted basis) as at December 31, 2024 was valued at \$42.5 million. As discussed above, the Class B Unit liability for the Year was valued at \$54.9 million as at December 31, 2025, resulting in a fair value loss of \$12.4 million.

The Fund recorded a \$0.9 million fair value loss for the Year as a result of the decrease in the fair value of the Swaps due to changes in interest rates during the Year. In 2024, the Fund recorded a \$2.6 million fair value loss as a result of the decrease in the fair value of the Swaps due to changes in interest rates.

Income Taxes

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

Period

The Fund's income tax expense for the Period was \$4.1 million, comprised of \$2.7 million in current income tax expense and \$1.4 million in non-cash deferred income tax expense. The Fund's income tax expense for the fourth quarter of 2024 was \$2.6 million, comprised of \$2.5 million in current income tax expense and \$0.1 million in non-cash deferred income tax expense. The \$0.2 million increase in current income tax expense is due to higher profit before fair value gain (loss) and income taxes. The \$1.3 million increase in non-cash deferred income tax expense is due to changes in the temporary differences between the accounting and tax base of: (i) the BP Rights owned by Royalties LP generated since the inception of the Fund; (ii) the Fund's indirect investment in BP Canada LP; and (iii) the fair value of the Swaps.

Year

The Fund's income tax expense for the Year was \$14.7 million, comprised of \$10.7 million in current income tax expense and \$4.0 million in non-cash deferred income tax expense. The Fund's income tax expense in 2024 was \$12.1 million, comprised of \$10.0 million in current income tax expense and \$2.1 million in non-cash deferred income tax expense. The \$0.7 million increase in current income tax for the Year was primarily due to higher profit before fair value gain (loss) and income taxes. The \$1.9 million increase in non-cash deferred income tax expense is due to changes in the temporary differences between the accounting and tax base of: (i) the BP Rights owned by Royalties LP generated since the inception of the Fund; (ii) the Fund's indirect investment in BP Canada LP; and (iii) the fair value of the Swaps.

Net and Comprehensive Income / Basic and Diluted Earnings

Period

The Fund's net and comprehensive income was \$11.1 million for the Period compared to \$6.6 million for the fourth quarter of 2024. The Fund's basic earnings per Unit was \$0.52 for the Period compared to \$0.31 for the fourth quarter of 2024. The Fund's diluted earnings per Unit was \$0.52 for the Period compared to \$0.28 for the fourth quarter of 2024. The \$4.5 million increase in the Fund's net and comprehensive income for the Period compared to the fourth quarter of 2024 was primarily due to a \$5.7 million increase in fair value gain and a

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\$0.3 million increase in profit before fair value gain (loss), partially offset by a \$1.5 million increase in income tax expense.

Year

The Fund's net and comprehensive income was \$42.2 million for the Year compared to \$31.9 million in 2024. The Fund's basic earnings per Unit was \$1.98 for the Year compared to \$1.50 in 2024. The Fund's diluted earnings per Unit was \$1.98 for the Year compared to \$1.50 in 2024. The \$10.3 million increase in the Fund's net and comprehensive income for the Year compared to 2024 was primarily due to a \$10.7 million increase in fair value gain and a \$2.3 million increase in profit before fair value gain (loss), partially offset by a \$2.6 million increase in income tax expense.

Distributions

Period

During the Period, the Fund declared distributions on the Units in the aggregate amount of \$12.6 million or \$0.590 per Unit. During the fourth quarter of 2024, the Fund declared distributions on the Units in the aggregate amount of \$11.3 million or \$0.531 per Unit. During the Period, the Fund paid distributions on the Units in the aggregate amount of \$10.0 million or \$0.470 per Unit. During the fourth quarter of 2024, the Fund paid distributions on the Units in the aggregate amount of \$8.9 million or \$0.416 per Unit. The amount of distributions declared and paid during the Period increased by \$1.3 million and \$1.1 million, respectively, or \$0.059 per Unit and \$0.054 per Unit, respectively, due to: (a) the monthly distribution rate increasing from \$0.113 per Unit to \$0.115 per Unit commencing with the November 2024 distribution (the "**2024 Distribution Increase**") and further increasing from \$0.115 per Unit to \$0.120 per Unit commencing with the July 2025 distribution (the "**2025 Distribution Increase**"); and (b) the special cash distribution to Unitholders of \$0.110 per Unit that was declared on December 8, 2025 and paid to Unitholders on December 31, 2025 being \$0.035 per Unit greater than the special cash distribution to Unitholders of \$0.075 per Unit that was declared on December 6, 2024 and paid to Unitholders on December 31, 2024 (the "**Net Higher Special Distribution**").

Year

During the Year, the Fund declared distributions on the Units in the aggregate amount of \$32.3 million or \$1.520 per Unit. In 2024, the Fund declared distributions on the Units in the aggregate amount of \$30.5 million or \$1.435 per Unit. During the Year, the Fund paid distributions on the Units in the aggregate amount of \$32.2 million or \$1.515 per Unit. In 2024, the Fund paid distributions on the Units in the aggregate amount of \$30.4 million or \$1.427 per Unit. The amount of distributions declared during the Year increased by \$1.8 million or \$0.085 per Unit due to the 2024 Distribution Increase, the 2025 Distribution Increase and the Net Higher Special Distribution. The amount of distributions paid during the Year increased by \$1.9 million or \$0.088 per Unit due to the monthly distribution rate increasing from \$0.107 per Unit to \$0.113 per Unit commencing with the January 2024 distribution (i.e. meaning that the December 2023 distribution, which was paid on January 31, 2024, was only \$0.107 per Unit), the 2024 Distribution Increase, the 2025 Distribution Increase and the Net Higher Special Distribution.

The Fund pays distributions on the Units in respect of any calendar month not later than the last business day of the immediately subsequent month. Consequently, monthly distributions payable by the Fund on the Units in respect of the Period were the October 2025 distribution (which was paid on November 28, 2025), the November 2025 distribution (which was paid on December 31, 2025) and the December 2025 distribution (which was paid on January 30, 2026). Similarly, the distributions payable by the Fund on the Units in respect of any other period are paid in the immediately subsequent month of such period.

On February 10, 2026, the trustees of the Fund (the "**Trustees**") declared a distribution for the period of January 1, 2026 to January 31, 2026 of \$0.120 per Unit, which will be payable on February 27, 2026 to Unitholders of record on February 21, 2026. Including the January 2026 distribution, which will be paid on February 27, 2026, the Fund will have paid out total distributions of \$488.2 million or \$29.09 per Unit, which includes 277 monthly distributions and four special distributions.

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Distributions related to the Year were as follows:

PERIOD	PAYMENT DATE	AMOUNT/UNIT
December 1 – 31, 2024	January 31, 2025	11.5¢
January 1 – 31, 2025	February 28, 2025	11.5¢
February 1 – 28, 2025	March 31, 2025	11.5¢
March 1 – 31, 2025	April 30, 2025	11.5¢
April 1 – 30, 2025	May 30, 2025	11.5¢
May 1 – 31, 2025	June 30, 2025	11.5¢
June 1 – 30, 2025	July 31, 2025	11.5¢
July 1 – 31, 2025	August 29, 2025	12.0¢
August 1 – 31, 2025	September 29, 2025	12.0¢
September 1 – 30, 2025	October 31, 2025	12.0¢
October 1 – 31, 2025	November 28, 2025	12.0¢
November 1 – 30, 2025	December 31, 2025	12.0¢
December 1 – 31, 2025*	January 30, 2026	12.0¢
Special Distribution	December 31, 2025	11.0¢

* Paid subsequent to the Period and the Year.

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

Cash Flows from Operating Activities

Period

Cash generated from operating activities for the Period was \$9.9 million compared to \$9.4 million in the fourth quarter of 2024. The increase of \$0.5 million was primarily due to an increase in Royalty Income and Distribution Income of \$0.6 million and an increase in changes in working capital of \$0.1 million, partially offset by an increase in income taxes paid of \$0.2 million.

Year

Cash generated from operating activities for the Year was \$39.7 million compared to \$38.1 million in 2024. The increase of \$1.6 million was primarily due to an increase in Royalty Income and Distribution Income of \$2.4 million and a decrease in administrative expenses of \$0.2 million, partially offset by an increase in income taxes paid of \$0.7 million, a decrease in changes in working capital of \$0.2 million and a decrease in interest received of \$0.1 million.

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Cash Flow used in Financing Activities

Period

During the Period, the Fund used \$12.4 million in cash for financing activities compared to \$11.0 million in the fourth quarter of 2024. The increase of \$1.4 million was primarily due to higher distributions paid to Unitholders of \$1.1 million, higher interest paid on Class B Units of \$0.2 million and higher interest paid on debt of \$0.1 million.

Year

During the Year, the Fund used \$40.4 million in cash for financing activities compared to \$38.1 million in 2024. The increase of \$2.3 million was primarily due to higher distributions paid to Unitholders of \$1.9 million, higher interest paid on Class B Units of \$0.3 million and higher interest paid on debt of \$0.1 million.

Distributable Cash / Distributable Cash per Unit

Period

The Fund generated Distributable Cash of \$7.9 million for the Period compared to \$7.5 million for the fourth quarter of 2024. The increase in Distributable Cash of \$0.4 million or 5.1% was primarily due to an increase in cash flows generated from operating activities of \$0.5 million, partially offset by a \$0.1 million increase in BPI Class B Unit entitlement.

The Fund generated Distributable Cash per Unit of \$0.369 for the Period compared to \$0.351 per Unit for the fourth quarter of 2024. The increase in Distributable Cash per Unit of \$0.018 or 5.1% was primarily attributable to the increase in Distributable Cash outlined above.

Year

The Fund generated Distributable Cash of \$31.6 million for the Year compared to \$30.4 million in 2024. The increase in Distributable Cash of \$1.2 million or 4.1% was primarily due to an increase in cash flows generated from operating activities of \$1.6 million, partially offset by higher Class B Unit entitlement of \$0.2 million and higher interest paid on debt of \$0.1 million.

The Fund generated Distributable Cash per Unit of \$1.487 for the Year compared to \$1.429 per Unit in 2024. The increase in Distributable Cash per Unit of \$0.058 or 4.1% was primarily attributable to the increase in Distributable Cash outlined above.

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

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Distributable Cash

<i>(in millions of dollars)</i>	Q1	Q2	Q3	Q4	Annual
2025	\$ 7.3	\$ 8.0	\$ 8.5	\$ 7.9	\$ 31.6
2024	\$ 7.3	\$ 7.5	\$ 8.1	\$ 7.5	\$ 30.4
2023	\$ 7.2	\$ 7.9	\$ 8.3	\$ 7.4	\$ 30.7

Distributable Cash per Unit

	Q1	Q2	Q3	Q4	Annual
2025	\$ 0.344	\$ 0.374	\$ 0.400	\$ 0.369	\$ 1.487
2024	\$ 0.344	\$ 0.352	\$ 0.381	\$ 0.351	\$ 1.429
2023	\$ 0.334	\$ 0.365	\$ 0.387	\$ 0.346	\$ 1.432

Payout Ratio

Period

The Fund's Payout Ratio for the Period was 127.3% compared to 118.4% in the fourth quarter of 2024. The increase in the Fund's Payout Ratio for the Period was due to distributions paid increasing by \$1.1 million or 13.0%, partially offset by Distributable Cash increasing by \$0.4 million or 5.1%.

Year

The Fund's Payout Ratio for the Year was 101.9% compared to 99.9% in 2024. The increase in the Fund's Payout Ratio for the Year was due to distributions paid increasing by \$1.9 million or 6.2%, partially offset by Distributable Cash increasing by \$1.2 million or 4.1%.

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

	Q1	Q2	Q3	Q4	Annual
2025	100.2%	92.3%	88.8%	127.3%	101.9%
2024	96.8%	96.2%	88.9%	118.4%	99.9%
2023	91.6%	88.0%	82.9%	92.7%	88.6%

The Fund's Payout Ratio fluctuates quarter-to-quarter depending upon the amount of distributions paid during a quarter and the amount of Distributable Cash generated during that quarter.

New Restaurants Added to the Royalty Pool

Boston Pizza Restaurants Added to Royalty Pool on January 1, 2025

On January 1, 2025, the Royalty Pool was adjusted to add four New Restaurants that opened and remove four Closed Restaurants that closed between January 1, 2024 and December 31, 2024, resulting in the number of Boston Pizza Restaurants in the Royalty Pool remaining at 372. The estimated annual Franchise Sales in 2025 for the four New Restaurants that opened in 2024 was \$3.4 million. The actual Franchise Sales received from the four Closed Restaurants in 2024 during the first 12-month period immediately following their addition to the Royalty Pool was \$7.4 million. The resulting estimated annual net Franchise Sales for 2024 was negative \$4.0 million. Consequently, this resulted in the Net Royalty and Distribution Income having a Deficiency for 2024 of \$0.2 million (being 5.5% of negative \$4.0 million Franchise Sales). Since there was a Deficiency for 2024 of \$0.2 million, BPI did not receive any Additional Entitlements on January 1, 2025. However, BPI did not lose any

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of the Additional Entitlements it received in respect of previous years. An adjustment was made to the Deficiency for 2024 in early 2026 based on the full year performance of the four New Restaurants that opened in 2024 (see "Subsequent Events" below for details).

Audit of Boston Pizza Restaurants Added to Royalty Pool on January 1, 2024

In February 2025, an audit of the Franchise Sales of the one New Restaurant that was added to the Royalty Pool on January 1, 2024 was performed. The purpose of this audit was to compare the actual Franchise Sales from the one New Restaurant to the estimated amount of Franchise Sales expected to be generated by the one New Restaurant during 2024. The original Franchise Sales expected to be generated from the one New Restaurant less the Franchise Sales from the six Boston Pizza Restaurants that closed in 2024 was negative \$7.5 million. Consequently, this resulted in the Net Royalty and Distribution Income having a Deficiency for 2023 of \$0.4 million (being 5.5% of negative \$7.5 million Franchise Sales). The February 2025 audit determined that the actual Franchise Sales generated from the one New Restaurant after subtracting the Franchise Sales from the six Boston Pizza Restaurants that closed in 2024 was \$0.4 million less. As a result, the Deficiency in respect of 2023 was increased slightly. Since there was still a Deficiency, there was no need to determine and adjust for the actual effective tax rate paid by the Fund for 2024.

Subsequent Events

No Changes Made to Royalty Pool on January 1, 2026

No adjustments were made to the Royalty Pool on January 1, 2026 as there were no New Restaurants that opened and no Closed Restaurants that 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, 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 Net Royalty and Distribution Income in an amount equal to the cumulative Deficiency before receiving any further Additional Entitlements.

Audit of Boston Pizza Restaurants Added to Royalty Pool on January 1, 2025

In February 2026, an audit of the Franchise Sales of the four New Restaurants that were added to the Royalty Pool on January 1, 2025 was performed to compare the actual Franchise Sales from the four New Restaurants to the estimated amount of Franchise Sales expected to be generated by them during 2024. As noted above, 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 \$1.9 million more than expected. As a result, the Deficiency in respect of 2024 was reduced from \$0.2 million to \$0.1 million. Since there was still a Deficiency, there was no need to determine and adjust for the actual effective tax rate paid by the Fund for 2025.

Summary of Cumulative Deficiency

The following is a summary of the cumulative Deficiency that exists:

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Adjustment Date	Actual / Estimated Franchise Sales of New Restaurants for Adjustment Date (in millions)*	Actual Franchise Sales of Closed Restaurants for Adjustment Date (in millions)*	Net Franchise Sales for Adjustment Date (in millions)*	Deficiency, being 5.5% of net Franchise Sales (in millions)*
January 1, 2021	\$3.1 [†]	\$18.5	(\$15.4)	(\$0.8)
January 1, 2022	--	\$6.2	(\$6.2)	(\$0.3)
January 1, 2023	--	\$6.8	(\$6.8)	(\$0.4)
January 1, 2024	\$1.4 ^{††}	\$9.2	(\$7.9)	(\$0.4)
January 1, 2025	\$5.2 ^{†††}	\$7.4	(\$2.1)	(\$0.1)
January 1, 2026	--	--	--	--
Cumulative	\$9.7	\$48.1	(\$38.4)	(\$2.1)

* Figures are rounded to one decimal place. [†]Determined and adjusted in February 2022 after an audit of Franchise Sales for 2021 was performed on the New Restaurants. ^{††}Determined and adjusted in February 2025 after an audit of Franchise Sales for 2024 was performed on the one New Restaurant for 2023. ^{†††}Determined and adjusted in February 2026 after an audit of Franchise Sales for 2025 was performed on the four New Restaurants for 2024.

Units Outstanding

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

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Summary of Boston Pizza Royalties Income Units

	Dec. 31, 2025 Excluding Holdback	Dec. 31, 2025 Including Holdback	Feb. 12, 2026 Excluding Holdback	Feb. 12, 2026 Including Holdback
<u>Units Outstanding</u>				
Total Issued and Outstanding Units	21,278,563	21,278,563	21,278,563	21,278,563
<u>Class B Additional Entitlements Outstanding</u>				
Class B Additional Entitlements (Excluding Jan. 1, 2026 Adjustment Date)	2,430,823	2,430,823	2,430,823	2,430,823
Class B Holdback (Excluding Jan. 1, 2026 Adjustment Date)	N/A	--	N/A	N/A ⁽¹⁾
Class B Additional Entitlements – Issued Jan. 1, 2026	N/A	N/A	--	--
Class B Holdback – Created Jan. 1, 2026	N/A	N/A	N/A	-- ⁽²⁾
Total Class B Additional Entitlements	2,430,823	2,430,823	2,430,823	2,430,823
<u>Class 2 Additional Entitlements Outstanding</u>				
Class 2 Additional Entitlements (Excluding Jan. 1, 2026 Adjustment Date)	831,354	831,354	831,354	831,354
Class 2 Holdback (Excluding Jan. 1, 2026 Adjustment Date)	N/A	--	N/A	N/A ⁽¹⁾
Class 2 Additional Entitlements – Issued Jan. 1, 2026	N/A	N/A	--	--
Class 2 Holdback – Created Jan. 1, 2026	N/A	N/A	N/A	-- ⁽²⁾
Total Class 2 Additional Entitlements	831,354	831,354	831,354	831,354
<u>Summary</u>				
Total Issued and Outstanding Units	21,278,563	21,278,563	21,278,563	21,278,563
Total Additional Entitlements	3,262,177	3,262,177	3,262,177	3,262,177
Total Diluted Units	24,540,740	24,540,740	24,540,740	24,540,740
BPI's Total Percentage Ownership	13.3%	13.3%	13.3%	13.3%

- 1) There is no Holdback for the adjustment to the Royalty Pool that occurred on January 1, 2025 since BPI did not receive any Additional Entitlements in respect thereof due to a Deficiency existing.
- 2) There is no Holdback for the adjustment date of January 1, 2026 since no adjustment was made to the Royalty Pool on such date.

BPI directly and indirectly holds 100% of the special voting units (the “**Special Voting Units**”) of the Fund, which entitle BPI to one vote in respect of matters to be voted upon by Unitholders for each Unit that BPI would be entitled to receive if it exchanged all of its Class B Units and Class 2 GP Units for Units. As of February 12, 2026, BPI was entitled to 3,262,177 votes, representing 13.3% of the aggregate votes held by holders of Units and Special Voting Units. The number of Units that BPI is entitled to receive upon the exchange of its Class B Units and Class 2 GP Units and the number of votes that BPI is entitled to in respect of its Special Voting Units is adjusted periodically to reflect any additional Boston Pizza Restaurants that were added to the Royalty Pool.

TAX TREATMENT OF DISTRIBUTIONS

Of the \$1.520 in distributions declared per Unit during the Year, 89.2% or \$1.36 per Unit are taxable eligible dividends and 10.8% or \$0.16 per Unit represents a tax-deferred return of capital.

LIQUIDITY & CAPITAL RESOURCES

The Fund's long-term distribution policy is to distribute the total amount of cash received by the Fund from the Trust on the units of the Trust and notes of the Trust less the sum of: (a) administrative expenses and other

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obligations of the Fund; (b) amounts which may be paid by the Fund in connection with any cash redemptions of Units; (c) any interest expense incurred by the Fund; (d) any contractually required repayments of principal of the Fund's indebtedness; and (e) reasonable reserves established by the Trustees in their sole discretion, including, without limitation, reserves to pay SIFT Tax, in order to maximize returns to Unitholders. The Fund's policy is to make equal distribution payments to Unitholders on a monthly basis in order to smooth out fluctuations in Distributable Cash. Any further change in distributions will be implemented in such a manner so that the continuity of uniform monthly distributions is maintained, while making provisions for working capital due to seasonal variations of Boston Pizza Restaurant sales. It is expected that future distributions will continue to be funded entirely by cash flows from operations.

The Fund believes its current sources of liquidity are sufficient to cover its currently known short and long-term obligations. While the Credit Facilities (defined below) mature on July 1, 2026, the Fund expects that it will be able to refinance the Credit Facilities on or before maturity on acceptable terms and does not expect to be required to repay any of the principal amount outstanding. This is based on the Fund's ability to generate positive cash flow from operations, its history of being able to successfully refinance its debt, and positive relationships with lenders.

Indebtedness

Credit Facilities

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

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

Security and Covenants

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

The principal financial covenants of the Credit Facilities are that: (a) the Fund and its subsidiaries (including Holdings LP and Royalties LP), taken as a whole, shall maintain a total funded net debt to EBITDA ratio of not greater than 2.50:1 until December 30, 2024 and not greater than 2.25:1 thereafter (tested quarterly); and (b) the total amount of certain permitted distributions of the Fund (including distributions to Unitholders) must not exceed the sum of the Fund's Distributable Cash (as Distributable Cash is defined in the First Amended and Restated Credit Agreement dated January 24, 2020) and cash on hand by greater than \$2.0 million (tested quarterly on a trailing 12-month basis). In addition, the agreements governing the Credit Facilities contain certain covenants and restrictions, including the requirement to meet the financial ratios described above. A failure of the Fund or

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its subsidiaries to comply with these covenants and restrictions could entitle the Bank to demand repayment of the outstanding balance drawn on the Credit Facilities prior to maturity. Royalties LP and Holdings LP were in compliance with all of their financial covenants and financial condition tests as at the end of the Period. Full particulars of the Credit Facilities, including applicable interest rates, security, guarantees and other terms and conditions are contained within: (i) the First Amended and Restated Credit Agreement dated January 24, 2020; (ii) the First Supplemental Credit Agreement dated June 22, 2020; (iii) the Second Supplemental Credit Agreement dated June 28, 2022; and (iv) the Third Supplemental Credit Agreement dated June 14, 2024 (which are the agreements that govern the Credit Facilities), each of which is available on the Fund’s profile on SEDAR+ at www.sedarplus.ca.

As of December 31, 2025, Adjusted Working Capital⁹ of the Fund totaled negative \$81.8 million (December 31, 2024 – positive \$6.2 million). The Fund has no requirement to maintain a certain amount of working capital. As of December 31, 2025, no amounts were drawn on Facility A, \$53.3 million was drawn on Facility B and \$33.3 million was drawn on Facility D. The Fund’s Adjusted Working Capital is in a negative position due to the requirement to present the amounts drawn on the Credit Facilities as current liabilities since the Credit Facilities mature on July 1, 2026. As noted above, the Fund expects to refinance the outstanding amounts drawn on the Credit Facilities on or before maturity and does not expect to be required to repay any of the principal amount outstanding. Without inclusion of the amounts drawn on the Credit Facilities as current liabilities, the Fund’s Adjusted Working Capital would be positive \$4.8 million as of December 31, 2025.

The following table provides a summary of the Fund’s contractual obligations and commitments (including expected interest payments) as at December 31, 2025:

(in thousands of dollars)	< 1 year	1 - 5 years	Total	Book Value
Accounts payable and accrued liabilities	642	–	642	642
Distributions payable to Fund unitholders	2,553	–	2,553	2,553
Interest payable on Class B Units	377	–	377	377
Credit Facilities and Swaps ¹	88,495	–	88,495	87,325
	92,067	–	92,067	90,897

Note:

- 1) The Credit Facilities and Swaps include expected interest payments based on the Fund’s blended rate of 4.13% to the scheduled maturity date of the Credit Facilities of July 1, 2026 and excludes nominal deferred financing costs.

Interest Rate Swaps

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

- (a) Royalties LP entered into a swap to fix the interest rate at 2.28% plus between 1.25% and 1.85% per annum (depending upon debt to EBITDA ratios) for a term ending on February 1, 2027 for \$15.0 million of the \$53.3 million drawn on Facility B;
- (b) Royalties LP entered into a swap to fix the interest rate at 3.48% plus between 1.25% and 1.85% per annum (depending upon debt to EBITDA ratios) for a term ending on January 4, 2028 for \$15.0 million of the \$53.3 million drawn on Facility B;

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

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- (c) Royalties LP entered into a swap to fix the interest rate at 3.48% plus the applicable CSA plus between 1.25% and 1.85% per annum (depending upon debt to EBITDA ratios) for a term ending on July 3, 2029 for \$15.0 million of the \$53.3 million drawn on Facility B;
- (d) Holdings LP entered into a swap to fix the interest rate at 2.95% plus the applicable CSA plus between 1.25% and 1.85% per annum (depending upon debt to EBITDA ratios) for a term ending on August 14, 2030 for \$14.0 million of the \$33.3 million drawn on Facility D, which replaced a swap that expired on August 14, 2025 of \$17.0 million that bore interest at 1.02% plus between 1.25% and 1.85% per annum (depending upon debt to EBITDA ratios); and
- (e) Holdings LP entered into a swap to fix the interest rate at 1.09% plus between 1.25% and 1.85% per annum (depending upon debt to EBITDA ratios) for a term ending on March 1, 2026 for \$15.0 million of the \$33.3 million drawn on Facility D.

As of December 31, 2025, \$8.3 million drawn on Facility B and \$4.3 million drawn on Facility D bore interest at variable interest rates applicable to the Credit Facilities discussed above. The effective interest rate for all amounts borrowed by the Fund was 4.13% at December 31, 2025 (December 31, 2024 – 3.87%).

The Fund uses the Swaps to mitigate its exposure to interest rate risk related to the Credit Facilities. The Fund accounts for the Swaps as derivative instruments in accordance with IFRS. The fair market value of the Swaps is determined using valuation techniques at each reporting date and any change in the fair value of the Swaps is included in the Fund's comprehensive income or loss. The Fund's usage of the Swaps has the risk of imposing higher interest rates on the Fund due to interest rate fluctuation if the interest rates fixed by the Swaps are higher than the interest rates that would otherwise apply if the Swaps had not been used. Any risk exposure arising from the Swaps relating to counterparties defaulting on their obligations is minimized by dealing only with major financial institutions. The Fund recognized a \$0.3 million fair value gain on the Swaps for the Period in its consolidated statements of comprehensive income compared to a fair value loss of \$0.2 million in the fourth quarter of 2024. During the Year, the Fund recorded a \$0.9 million fair value loss on the Swaps in the consolidated statements of comprehensive income compared to \$2.6 million in 2024.

Related Party Transactions

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

(in thousands of dollars)	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

(in thousands of dollars)	Q4 2025	Q4 2024	YTD 2025	YTD 2024
Administrative services ⁽¹⁾	\$ 114	\$ 111	\$ 455	\$ 444
Royalty income	9,775	9,369	39,050	37,266
Distribution income	3,220	3,077	12,837	12,242
Interest expense on Class B unit liability	1,874	1,681	4,773	4,506

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

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

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The President (“**President**”) and the Chief Financial Officer (“**CFO**”) of Royalties GP, managing general partner of Royalties LP, administrator of the Fund, have designed or caused to be designed under their supervision disclosure controls and procedures to provide reasonable assurance that all material information regarding the Fund is gathered and reported to senior management, including the President and CFO, on a timely basis, particularly during the period in which the annual and interim filings are being prepared, so that appropriate decisions can be made regarding public disclosure.

An evaluation of the effectiveness of the Fund’s disclosure controls and procedures, as defined in National Instrument 52-109 - *Certification of Disclosure in Issuers’ Annual and Interim Filings* (“**NI 52-109**”), was carried out under the supervision of, and with the participation of management, including the President and CFO. Based on that evaluation, the President and CFO have concluded that as at December 31, 2025, the design and operation of these disclosure controls and procedures were effective in providing reasonable assurance that: (a) information required to be disclosed by the Fund in its annual filings, interim filings or other reports filed and submitted by it under applicable securities legislation is recorded, processed, summarized and reported within the prescribed time periods specified in securities legislation, and (b) material information regarding the Fund is accumulated and communicated to the Fund’s administrator, Royalties LP, as well as the President and CFO in a timely manner, particularly during the period in which the annual and interim filings are being prepared.

The President and CFO have designed or caused to be designed under their supervision internal controls over financial reporting to provide reasonable assurance regarding the reliability of the Fund’s financial reporting and the preparation of its financial statements for external purposes in accordance with IFRS. The control framework used to design the Fund’s internal controls over financial reporting is the Committee of Sponsoring Organizations of the Treadway Commission Internal Control – Integrated Framework: 2013.

An evaluation of the effectiveness of the Fund’s internal controls over financial reporting, as defined in NI 52-109, was carried out under the supervision of and with the participation of management, including the President and CFO. Based upon that evaluation, the President and CFO have concluded that as at December 31, 2025, the Fund’s internal controls over financial reporting were operating effectively. During the Period, there was no change in the Fund’s internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Fund’s internal controls over financial reporting. Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Accordingly, even systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Judgment – Consolidation

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

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Estimates - Intangible Assets – the BP Rights

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

The impairment test requires that the Fund use a valuation technique to determine if impairment exists. The valuation of the intangibles is based on a value in use approach and depends on certain estimates, including projected Franchise Sales for restaurants that are in the Royalty Pool and the 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 and therefore, no impairment was recorded for the Year.

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

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

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

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

(i) Class B Units

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

(ii) Class 1 Units and Class 2 LP Units

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

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

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

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

CHANGES IN ACCOUNTING POLICIES

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.

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.

SHORT-TERM OUTLOOK

The information contained in this "Short-Term Outlook" section is forward-looking information. Please see the "NOTE REGARDING FORWARD-LOOKING INFORMATION" and "Risks & Risk Management" sections of this MD&A for a discussion of the risks and uncertainties in connection with forward-looking information.

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

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

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

Despite these obstacles, Boston Pizza Restaurants have consistently generated strong Franchise Sales by providing guests with quality, value and convenience, both on-premises and off-premises. BPI, BP Canada LP and Boston Pizza Restaurants have a proven track record of adapting to evolving economic conditions and overcoming operational challenges. Building on this foundation, BPI's management remains proactive and agile, implementing strategies to drive sales, optimize supply chains and deepen guest loyalty, while protecting profitability of Boston Pizza Restaurants. These strengths, together with the brand's broad national footprint and trusted position among Canadian consumers, provide a solid platform for sustained growth and continued positive sales momentum throughout 2026.

The Trustees will continue to closely monitor the Fund's available cash balances and distribution levels, based on their goal of stable and sustainable distribution flow to Unitholders.

RISKS & RISK MANAGEMENT

I. Overview and Governance of Risk

A. General

The Trustees are responsible for overseeing all risks and opportunities affecting the Fund. To assist them in fulfilling this responsibility, the Trustees have adopted an Enterprise Risk Management Policy that establishes a formal framework for managing risks at the Fund-level. This includes ensuring that material risks are identified and that strategies, tactics, and processes are implemented to appropriately monitor, manage and report material risks. While the Trustees have risk oversight responsibilities for the Fund, the Fund itself has limited operations, with minimal expenses and its only sources of revenue being: (i) Royalty Income payable by BPI to Royalties LP; and (ii) Distribution Income payable by BP Canada LP to Holdings LP. Accordingly, the Fund is reliant upon BPI and BP Canada LP to effectively identify, monitor and manage key underlying business risks affecting BPI, BP Canada LP and Boston Pizza Restaurants that could also impact the Fund.

BPI's board of directors and senior management are responsible for overseeing all risks and opportunities affecting BPI, BP Canada LP and Boston Pizza Restaurants. To assist them in fulfilling this responsibility, BPI has adopted an Enterprise Risk Management Policy that establishes a formal framework for managing risks affecting BPI, BP Canada LP and Boston Pizza Restaurants. In accordance with this policy, BPI's senior management has implemented a formal enterprise risk management process that enables it to appropriately identify, monitor and manage risks across all business units, while adhering to risk tolerance levels set by BPI's board of directors and senior management. The Fund has contractual rights to receive reports, and to inspect and monitor BPI's oversight of these key underlying business risks as part of oversight responsibilities for the protection of the Fund's sources of revenue. BPI's senior management regularly updates and collaborates with

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the Trustees on key enterprise risk management matters relevant to BPI, BP Canada LP and Boston Pizza Restaurants.

B. Sustainability-Related Risks and Opportunities

As with risk management generally, the Trustees are responsible for overseeing sustainability-related risks and opportunities that could affect the Fund. Effective management of such risks and opportunities is essential for ensuring the Fund's resilience, sustainability and long-term success. It is also critical for the protection of the Fund's most significant asset – the BP Rights. However, given the Fund's limited operations, it is reliant upon BPI and BP Canada LP to effectively manage sustainability-related risks and opportunities affecting BPI, BP Canada LP, Boston Pizza Restaurants and the overall Boston Pizza brand.

BPI's board of directors and senior management hold primary responsibility for overseeing sustainability-related risks and opportunities affecting BPI, BP Canada LP and Boston Pizza Restaurants. The governance and management of sustainability related risks and opportunities is incorporated into BPI's enterprise risk management framework and policies. BPI's senior management continues to advance its risk management and reporting practices to ensure climate and sustainability related risks are effectively identified, assessed and managed within the overall risk appetite framework set by BPI's board of directors and senior management. BPI's senior management maintains regular communication and collaborates with the Trustees to ensure alignment, transparency and effective oversight.

While Canadian sustainability reporting standards continue to evolve, there is an expectation that at some point in the future Canada will adopt mandatory reporting requirements for public companies. The Fund, BPI and BP Canada LP continue to monitor developments and plan accordingly.

II. Risks Related to the Restaurant Industry and Business of BPI and BP Canada LP

The following section outlines material risks associated with the restaurant industry and business of BPI and BP Canada LP, together with the potential impact of those risks on Unitholders, the Fund, BPI, BP Canada LP and Boston Pizza Restaurants. Mitigation strategies and tactics employed to manage these risks have also been outlined. Readers are cautioned that there can be no assurance that any of the mitigation strategies and tactics described below will be successful in fully preventing, mitigating or managing the risks.

A. Strategic Risks

1. Climate Change

Inherent Risk:

Climate change presents significant challenges for the restaurant industry, exposing it to weather-related risks that affect operations, supply chains and guest behavior, while also raising critical environmental, social and governance concerns. Extreme weather events, such as hurricanes, wildfires, heatwaves, snowstorms and floods, can severely disrupt operations of Boston Pizza Restaurants. These disruptions may include physical damage to properties, disruptions in supply chains, reduced sales from outdoor patios, and temporary restaurant closures. Extreme weather events may also alter guest behavior and negatively impact guest traffic. In addition, Boston Pizza Restaurants rely heavily on domestic and international agricultural products. Unpredictable weather patterns can result in crop failures, negatively affecting both the availability and cost of food ingredients, which are essential to operations and restaurant profitability.

Potential Impact:

Climate change-related risk factors may: (i) limit the ability of Boston Pizza Restaurants to generate Franchise Sales, thereby decreasing the resulting Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders; and/or (ii) decrease the profitability of Boston Pizza Restaurants, thereby increasing the risk of restaurant closures.

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Mitigation:

BP Canada LP requires all franchisees of Boston Pizza Restaurants (subject to certain limited exceptions) to participate in a comprehensive group property and casualty insurance program. This program generally provides coverage for physical damage caused to Boston Pizza Restaurants by most extreme weather events, together with business interruption coverage for any resulting loss of Franchise Sales or other revenue. Under the franchise agreements between BP Canada LP and Boston Pizza Restaurants, the proceeds of business interruption insurance are included in Franchise Sales in a manner designed to compensate BP Canada LP, by way of royalty and Advertising Fund contributions, as though the business interruption did not occur. Similarly, BPI and BP Canada LP are required to pay Royalty Income and Distribution Income to the Fund on such amounts. BPI's internal audit team regularly reviews this insurance program to help assess its performance and adequacy. This insurance program helps to minimize the impact of extreme weather events on the amount of Royalty Income and Distribution Income received by the Fund, and the corresponding amount of Distributable Cash available for distribution to Unitholders. However, there can be no assurance that insurance coverage will exist for any particular incident or that the coverage will be adequate.

Boston Pizza Restaurants are geographically dispersed across Canada which reduces the risk of a single extreme weather event causing widespread operational disruptions. Similarly, BPI's two corporate offices are in Richmond, British Columbia and Mississauga, Ontario, thereby reducing the risk that an extreme weather event will fully disrupt BPI's operations. In addition, most of BPI's critical technology systems are cloud-based, which allows for continued operations even if one or both corporate offices are affected by extreme weather events. Furthermore, BPI and BP Canada LP have a network of industry-leading suppliers who are well-positioned to rapidly respond to logistical challenges posed by extreme weather events. While measures are in place to mitigate the impact of climate-related risks, there can be no assurances that extreme weather events will not concurrently disrupt the operations of a significant proportion of Boston Pizza Restaurants, BPI or the Boston Pizza supply chain.

2. Competition within the Restaurant Industry / Changes in Guest Behaviour / Sales Tactics may not be Successful

Inherent Risk:

The performance of the Fund is directly dependent upon Royalty Income received from BPI and Distribution Income received from BP Canada LP. The amount of Royalty Income and Distribution Income received by Royalties LP and Holdings LP from BPI and BP Canada LP, respectively, is dependent on various factors that may affect the casual dining sector of the Canadian restaurant industry. The Canadian restaurant industry, especially the full-service casual dining sector, is intensely competitive with respect to price, service, location and food quality. Competitors include national and regional chains, as well as independently owned restaurants. The restaurant industry is also affected by changes in demographic trends, guest preference, traffic patterns, general economic conditions and the type, number, and location of competing restaurants. Competitive pressures within the industry, along with shifts in guest preferences or behaviour, could result in reduced guest traffic and limited flexibility to increase menu prices. These factors may ultimately reduce the profitability of Boston Pizza Restaurants thereby increasing the risk of permanent restaurant closures.

Franchise Sales are influenced by marketing and advertising programs, as well as BPI's and BP Canada LP's ability to develop and introduce new and appealing menu items. However, marketing and advertising campaigns may not always achieve their intended outcomes, and new menu offerings may fail to gain traction with guests. A lack of compelling promotional initiatives or a failure to deliver menu items that align with current guest demands could limit Boston Pizza Restaurants' ability to retain existing guests and attract new ones.

Potential Impact:

If BPI, BP Canada LP, and Boston Pizza franchisees are unable to successfully compete in the casual dining sector and adapt to changes in guest behavior to meet guest needs, two key consequences may arise: (i) the ability of Boston Pizza Restaurants to generate Franchise Sales may be reduced, thereby decreasing the resulting Royalty Income, Distribution Income, and Distributable Cash available for

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distribution to Unitholders; and/or (ii) the profitability of Boston Pizza Restaurants may decline, increasing the risk of restaurant closures. Furthermore, any decline in Franchise Sales would also result in a decline in franchisees' contributions to the Advertising Fund, thereby reducing the amount of money available for BPI's and BP Canada LP's marketing and advertising programs.

Mitigation:

Boston Pizza is the largest national full-service restaurant brand in Canada, and it enjoys high levels of brand awareness among guests. BPI and BP Canada LP conduct ongoing market research that monitors the brand health for Boston Pizza and its competitors. BPI and BP Canada LP actively enhance and promote the Boston Pizza brand through a range of media types (i.e. television, radio, digital, social media), and national and local promotions that are paid for by the Advertising Fund, to which franchisees pay 3.0% of Franchise Sales. BPI and BP Canada LP work carefully with their advertising agency to craft compelling marketing campaigns designed to resonate with Boston Pizza's core guests. All significant marketing campaigns are grounded in robust market research to assess their likelihood of success. In addition, Boston Pizza franchisees and BPI's corporate support employees continuously strive to improve the guests' experience, adapting practices to retain existing guests and attract new guests. Boston Pizza and its franchisees regularly connect with their communities by hosting events, engaging with local organizations, and supporting philanthropic causes. For over 30 years, the Boston Pizza Foundation has strengthened and improved Canadian communities by supporting a variety of causes through partnerships. Through initiatives like Boston Pizza's Valentine's Day Paper Hearts and Heart-Shaped Pizzas, Kids Cards and other fundraising events, over \$40 million has been raised and donated to charities across Canada and beyond.

Boston Pizza Restaurants offer a broad and diversified menu that is updated regularly and is designed to appeal to a wide variety of guests. BPI conducts ongoing market research into culinary trends to identify changes in guest preferences and behaviour, and uses advanced analytics to inform menu design, administration and pricing decisions. Boston Pizza is committed to providing guests with an enjoyable and safe experience. Transparency around ingredients and allergens remains a top priority, with comprehensive nutritional information readily available on www.bostonpizza.com and Boston Pizza's mobile app. This ensures guests can make informed choices tailored to their dietary needs. The Boston Pizza menu is designed to be highly flexible, catering to a wide range of personal preferences and specific dietary requirements, allowing guests to dine with confidence. Menu offerings are continuously adapted to meet evolving tastes and expectations. Currently, all Boston Pizza Restaurants offer GlutenWise options, and select locations also feature Halal menu choices. In 2023, BPI opened a dedicated culinary innovation centre in which BPI's culinary team is continuously focused on creating compelling culinary offerings that appeal to guests and enhance the profitability of Boston Pizza Restaurants. New menu items are concept-tested with guests prior to being launched nationally, to understand the expected rates of sales penetration. In addition, Boston Pizza's multi-channel offerings, which include the dining rooms, sports bar and patios of Boston Pizza Restaurants, together with take-out and delivery, enable Boston Pizza Restaurants to compete against a large segment of the restaurant industry. Furthermore, the franchise agreement governing the operation of Boston Pizza Restaurants requires each franchisee to renovate their restaurant to BP Canada LP's current design standards every seven years. This is intended to ensure that Boston Pizza Restaurants always have an up-to-date and inviting appearance.

3. Dependence upon Key Personnel

Inherent Risk:

The success of the Fund depends upon the expertise and contributions of BPI's senior management and key personnel. More specifically, success depends upon BPI's ability to: (i) attract and retain key individuals with the capabilities, skills and leadership competencies to effectively operate BPI's and BP Canada LP's business and achieve BPI's strategic objectives; and (ii) attract and retain qualified franchisees.

Potential Impact:

The inability of BPI to attract and retain key employees or qualified franchisees could have a material adverse effect on the performance of the Fund, including a decline to Franchise Sales and the resulting

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Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders. In addition, a failure of BPI to attract and retain qualified franchisees may result in poorer operational performance and profitability of Boston Pizza Restaurants, thereby increasing the risks of Boston Pizza Restaurants permanently closing.

Mitigation:

BPI is well positioned to attract and retain key personnel who have the appropriate capabilities, skills and leadership competencies. BPI provides its employees with competitive compensation supported by routine industry benchmarking, attractive benefits and career development opportunities. BPI has succession plans for critical roles and an educational assistance program to support employee development is available to all employees. BPI has been recognized as a Franchisees' Choice Designation winner and a Platinum Member of Canada's 50 Best Managed Companies for many years and has recently received awards from Great Place To Work in the categories of Best Workplaces: in Canada – 100-999 Employees, in British Columbia, in Retail & Hospitality, for Mental Wellness, for Women, for Giving Back and with Most Trusted Executive Teams.

BPI and BP Canada LP also have robust franchisee recruitment and development programs to ensure they are able to attract and retain qualified franchisees. See "Operational Risks – Growth of Royalty Income and Distribution Income / Franchisee Performance / Closure of Boston Pizza Restaurants" below for more details.

4. Environment, Social and Governance Matters

Inherent Risk:

Public attention on social and environmental sustainability matters has grown significantly. The increased attention is coming from employees, guests, investors, environmental activists, the media and both governmental and non-governmental organizations. Growing areas of focus in the restaurant industry include packaging and waste management, animal health and welfare, human rights, climate change, greenhouse gas emissions and the use of land, energy and water. As a result, the Fund, BPI, BP Canada LP and Boston Pizza Restaurants may experience increased expectations to provide expanded public disclosure, make commitments with respect to various social and environmental issues and to take actions to meet those commitments. In addition, future legislative and regulatory efforts to combat climate change or other environmental considerations could result in increased regulation, and additional taxes and other expenses, in a manner that adversely affects the Boston Pizza business.

Potential Impact:

If the Fund, BPI, BP Canada LP and Boston Pizza Restaurants are not effective in addressing the public's expectations regarding social and environmental sustainability matters, trust in the Boston Pizza brand may suffer. The damage caused to the Boston Pizza brand by such a failure to satisfy the public's expectations may limit Boston Pizza Restaurants' ability to generate Franchise Sales, thereby decreasing the resulting Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders. In addition, the actions needed to achieve any commitments, goals or targets that are established could result in increased costs to BPI, BP Canada LP and Boston Pizza Restaurants, which may decrease the profitability of Boston Pizza Restaurants, thereby increasing the risks of them closing. The amount of Franchise Sales and the resulting Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders, could be adversely impacted if BPI, BP Canada LP and Boston Pizza Restaurants are unable to effectively manage the risks or costs associated with social and environmental sustainability matters.

Mitigation:

BPI's senior management actively monitors the environmental, social and governance risks and opportunities facing BPI, BP Canada LP and Boston Pizza Restaurants as part of its enterprise risk management framework. Risk management processes are designed to assist BPI's management stay abreast of public and regulatory expectations, and take the necessary steps to identify, understand, monitor, mitigate and manage all significant risks and opportunities in a cost-effective manner. The Fund, BPI and BP Canada LP also work closely with professional advisors to understand and prepare for

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mandatory sustainability reporting obligations that are being considered by regulators. In 2024, BPI published its first Brand Impact Report that articulates the various environmental, social and governance initiatives BPI, BP Canada LP and Boston Pizza Restaurants have in the categories of People, Planet and Product. BPI intends to enhance and update this report periodically.

5. Franchisee Relations

Inherent Risk:

The success of the Fund, BPI and BP Canada LP is dependent on BPI and BP Canada LP maintaining positive relationships with franchisees. Maintaining sufficient profitability of Boston Pizza Restaurants is paramount to fostering positive relationships with franchisees. Despite BPI's and BP Canada LP's efforts and positive track record, there is no assurances that BPI and BP Canada LP will be able to maintain positive relationships with franchisees.

Potential Impact:

If BPI and BP Canada LP cannot foster and maintain positive relationships with franchisees, there may be an adverse impact on the performance of the affected Boston Pizza Restaurants, including the ability to undertake new initiatives. Additionally, it could result in the diversion of management resources, increased administrative costs and potential litigation. In addition, a failure by BPI and BP Canada LP to maintain positive relationships with franchisees could result in adverse publicity that may negatively affect Franchise Sales of Boston Pizza Restaurants and the ability of BPI and BP Canada LP to source new franchisees, regardless of whether such publicity is accurate. Any of these factors may: (i) limit the ability of Boston Pizza Restaurants to generate Franchise Sales, thereby decreasing the resulting Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders; and/or (ii) decrease the profitability of Boston Pizza Restaurants, thereby increasing the risks of them closing.

Mitigation:

BPI and BP Canada LP communicate and consult with franchisees on a regular basis regarding a wide variety of business initiatives, prioritizing those that drive guest traffic, Franchise Sales and franchisee profitability. BPI and BP Canada LP maintain a Franchisee Advisory Council that is comprised of select franchisees from various geographical regions across Canada for the purpose of discussing and obtaining feedback on potential business challenges and opportunities facing the Boston Pizza system. Each Franchisee Advisory Council member is charged with soliciting feedback from franchisees within their region and communicating that feedback to BPI. BPI meets regularly with the Franchisee Advisory Council and seeks to obtain informal alignment prior to implementing any significant changes to the Boston Pizza system. BPI also routinely hosts webcasts that all franchisees are invited to attend. The webcasts include business updates along with an open question and answer session with BPI's senior management. BPI's senior management attends in-person regional meetings across Canada with franchisees to hear and address any concerns and to maintain personal relationships with franchisees. Select members of BPI's management also conduct periodic market tours in various parts of Canada to visit different Boston Pizza Restaurants and maintain relationships with the applicable franchisees. In addition, BPI hosts periodic system-wide conferences to which franchise owners, general managers and/or kitchen managers of Boston Pizza Restaurants are invited to attend to celebrate accomplishments, share best practices, discuss business initiatives and strengthen relationships. Furthermore, BPI and BP Canada LP provide extensive training and marketing resources to Boston Pizza franchisees and their staff that are designed to enable them to effectively and profitably operate Boston Pizza Restaurants. Lastly, BPI provides every Boston Pizza Restaurant with dedicated field operations support personnel whose role is to assist the applicable franchisee and their employees in operating an even more successful and profitable Boston Pizza Restaurant.

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B. Operational Risks

1. Growth of Royalty Income and Distribution Income / Franchisee Performance / Closure of Boston Pizza Restaurants

Inherent Risk:

The growth of Royalty Income payable by BPI to Royalties LP under the License and Royalty Agreement, and the growth of Distribution Income payable by BP Canada LP to Holdings LP, are dependent on several factors. These include the ability of BPI and BP Canada LP to (i) maintain and grow their franchised restaurants, (ii) secure new restaurant sites in prime locations, and (iii) attract and retain qualified franchisees to operate the restaurants effectively and profitably. BPI and BP Canada LP face significant competition from other restaurant chains and food service businesses when securing prime restaurant locations and attracting skilled franchisees and operators. BPI's and BP Canada LP's inability to successfully attract and retain qualified franchisees and operators could adversely affect their business development. The initial opening and success of a Boston Pizza Restaurant is dependent on a number of factors, including: availability of suitable sites; negotiations of acceptable lease or purchase terms for new locations; availability, training and retention of qualified management and other employees necessary to operate new Boston Pizza Restaurants; adequately supervising construction; securing suitable financing; and other factors, many of which are beyond the control of BPI and BP Canada LP. Boston Pizza franchisees may not always possess the business expertise, operational skills or access to sufficient financial resources required to successfully open, develop, and operate a Boston Pizza Restaurant in their franchise areas in a manner consistent with BPI's and BP Canada LP's standards. BPI and BP Canada LP provide training and support to Boston Pizza franchisees, but the quality of franchised operations may be diminished by any number of factors beyond BPI's and BP Canada LP's control. Consequently, Boston Pizza franchisees may not successfully operate restaurants in a manner consistent with BPI's and BP Canada LP's standards and requirements or may not adequately hire and train qualified managers and other restaurant personnel. Franchisees who do not successfully operate restaurants in a manner consistent with BPI's and BP Canada LP's standards and requirements typically experience a loss of profitability, thereby increasing the risk of Boston Pizza Restaurants closing. In addition, any failure of franchisees to operate restaurants in a manner consistent with BPI's and BP Canada LP's standards and requirements may damage the image and reputation of BPI and BP Canada LP and attract negative publicity.

In addition, the amount of Royalty Income payable to Royalties LP by BPI, and the amount of Distribution Income payable by BP Canada LP to Holdings LP, are dependent upon Franchise Sales, which is dependent on the number of Boston Pizza Restaurants that are included in the Royalty Pool and the Franchise Sales of those Boston Pizza Restaurants. Each year, a number of Boston Pizza Restaurants may close for various reasons, including: a failure of the applicable franchisees to operate the restaurants profitably; a failure of the applicable franchisees to operate the restaurants in compliance with their franchise agreements and in a manner consistent with BPI's and BP Canada LP's standards and requirements; a loss of the applicable franchisees' right to occupy the real estate upon which the restaurant is located; and shifts in local market conditions, such as changes in traffic patterns, increased competition or demographic shifts in the area, which may reduce the financial viability of a restaurant. When Boston Pizza Restaurants close, there is no assurance that BPI and BP Canada LP will be able to open sufficient new Boston Pizza Restaurants to replace the Franchise Sales from those Closed Restaurants.

Potential Impact:

Any failure of BPI and BP Canada LP to (i) maintain and grow their franchised restaurants, (ii) secure new restaurant sites in prime locations, and (iii) attract and retain qualified franchisees to operate the restaurants, may result in declines to Franchise Sales and the resulting Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders. Failures of franchisees to operate Boston Pizza Restaurants in a manner consistent with BPI's and BP Canada LP's standards and requirements may have a similar effect. In addition, the closure of Boston Pizza Restaurants for any reason will result in declines to Franchise Sales and the resulting Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders if BPI and BP Canada LP are unable to

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open sufficient new Boston Pizza Restaurants to replace the Franchise Sales from those Closed Restaurants.

Mitigation:

BPI and BP Canada LP have a dedicated franchising and development team who follow a comprehensive process to identify and secure prime real estate for new Boston Pizza Restaurants and to find qualified franchisees with sufficient capital and operating expertise to be successful. BPI and BP Canada LP have built positive relationships within the Canadian leasing community, including with leading real estate developers and institutional landlords of shopping centres and plazas that assist BPI in identifying and negotiating leases for Boston Pizza Restaurants in prime locations.

BPI and BP Canada LP are also well-positioned to attract and retain qualified franchisee candidates. BPI's franchising and development team continually and actively solicits new franchisee candidates at numerous franchising trade shows, through multiple forms of media and through networking opportunities. In addition, BPI and BP Canada LP foster the development and expansion of proven multi-unit franchisees from within the Boston Pizza system and encourage multi-generational franchisee owners where appropriate (with there being several second and third generation franchisee owners currently in the Boston Pizza system). Furthermore, BPI and BP Canada LP actively work to match individuals who have proven restaurant operational expertise with investors who have available capital.

BPI and BP Canada LP have developed leading training materials for franchisees and their restaurant operators that are designed to teach the skills required to operate a Boston Pizza Restaurant successfully, profitably and in a manner consistent with BPI's and BP Canada LP's standards and requirements. BPI and BP Canada LP actively monitor both the operational and financial performance of Boston Pizza Restaurants to identify and attempt to address any problems or issues that arise. If BPI and BP Canada LP become aware that a Boston Pizza Restaurant is either operationally or financially distressed, they work with the applicable franchisee and other stakeholders in an attempt to rectify the situation, return the restaurant to appropriate and profitable operations and prevent the restaurant from closing. In limited and appropriate circumstances, BPI and BP Canada LP may provide temporary financial support to a Boston Pizza Restaurant that is financially distressed to assist it in returning to sufficiently profitable operations and to minimize the risk of it closing. This temporary financial support does not reduce the amount of Royalty Income or Distribution Income that BPI and BP Canada LP are required to pay the Fund.

2. Availability and Quality of Raw Materials / Supply Chain / Vendor Dependency / Ethical & Sustainable Sourcing

Inherent Risk:

Franchise Sales by Boston Pizza Restaurants depend on the availability, cost and quality of input materials, food, packaging and services used in their operations. Boston Pizza's supply chain is subject to global market factors that impact availability, cost and quality of input materials. Key input materials, such as protein, produce, flour and packaging materials, are particularly susceptible to price and availability fluctuations driven by changes in supply and demand. In addition, the quality of products can be impacted by a variety of factors including extreme weather events, livestock diseases and contamination. Additionally, certain products purchased by Boston Pizza Restaurants are sourced from a single or a limited number of suppliers. If the availability or quality of these products required by Boston Pizza Restaurants is jeopardized, the ability to find alternative sources of appropriate supply may be difficult given the large scale of the Boston Pizza system and the proprietary nature of some products. Challenges in availability of input materials may result in shortages of necessary materials or Boston Pizza Restaurants incurring higher costs for those materials, both of which decrease profitability and increase the risks of restaurants closing. In addition to the risks noted immediately above, guests are also increasingly demanding that businesses adopt ethical and sustainable sourcing practices. A failure to do so could result in negative guest sentiment and adverse publicity.

Potential Impact:

A significant reduction in the availability or quality of products and services purchased by Boston Pizza

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Restaurants resulting from any of the above factors or significant increases in costs for input materials could have an adverse effect on Franchise Sales and the resulting Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders. Similarly, negative guest sentiment or adverse publicity arising from a failure of BPI and BP Canada LP to adopt ethical and sustainable sourcing practices could have an adverse effect on Franchise Sales and the resulting Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders.

Mitigation:

BPI, BP Canada LP and Boston Pizza Restaurants enjoy significant purchasing power as Canada's largest full-service restaurant chain, enabling them to generally secure a reliable supply of quality products and services. BPI's dedicated procurement team maintains strong relationships with industry-leading suppliers who have the expertise to effectively and efficiently address product availability or quality issues. To reduce reliance on single suppliers, BPI and BP Canada LP deal with a diverse range of reputable suppliers. These suppliers are required to comply with BPI's supplier code of conduct that imposes minimum standards for ethical and sustainable sourcing practices. Also, a key priority for BPI and BP Canada LP is sourcing high quality ingredients to ensure guest confidence in the food served by Boston Pizza. Whenever possible, ingredients are procured from trusted suppliers with third-party certifications for responsible sourcing and animal welfare. Additionally, all key ingredients are fully traceable to their origins. Flour used in all Boston Pizza Restaurants is harvested from the Canadian prairies, renowned for producing some of the world's finest wheat flour. Pizza mozzarella is made from Canadian cheese sourced from Canadian dairy farmers, while burgers and steaks are prepared using 100% Canadian beef. This focus on quality and traceability not only builds trust with guests but also illustrates BPI's and BP Canada LP's ongoing commitment to ethical and sustainable sourcing practices.

3. Revenue of BPI and BP Canada LP

Inherent Risk:

The ability of BPI to pay Royalty Income and the ability of BP Canada LP to pay Distribution Income depends on several critical factors including (i) Boston Pizza franchisees' ability to generate revenue and to pay royalties to BP Canada LP, (ii) BP Canada LP's ability to enter into arrangements with suppliers and distributors to generate competitive pricing for franchisees and revenue for BP Canada LP, and (iii) BP Canada LP's successful collection of franchise fees, including initial and renewal fees.

Potential Impact:

Failure by BP Canada LP to achieve adequate collection levels from Boston Pizza franchisees, or a significant reduction in revenue from supplier and distributor arrangements, could materially impact: (i) BPI's and BP Canada LP's ability to support and grow the business of Boston Pizza Restaurants; and/or (ii) BPI's ability to pay Royalty Income and BP Canada LP's ability to pay Distribution Income, thereby affecting the financial performance and sustainability of the Fund.

Mitigation:

BPI's finance team maintains rigorous oversight of fee collection from Boston Pizza franchisees and collaborates closely with BPI's operations and franchising teams to actively manage accounts receivable balances. When necessary and appropriate, legal measures are employed to recover overdue payments from franchisees. Additionally, BPI's procurement team continuously engages in negotiations with leading suppliers to secure competitive pricing for franchisees and optimize revenue opportunities for BP Canada LP. These measures, combining rigorous financial oversight with proactive management, are intended to minimize downside risks and ensure ongoing revenue stability across franchisee and supplier arrangements.

4. Labour Availability, Cost and Efficiency

Inherent Risk:

The availability of employees at reasonable wages is critical to the successful operation, revenue generation and profitability of Boston Pizza Restaurants. Since 2022, the restaurant industry has continued to experience persistent labour shortages, resulting in heightened competition for skilled

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workers and rising wage costs. Labour typically represents the largest single operating expense for Boston Pizza Restaurants. Challenges such as insufficient labour availability or ineffective management of labour resources by franchisees can lead to operational disruptions, reduced service quality and decreased profitability.

Potential Impact:

The ability of Boston Pizza Restaurants to attract, motivate and retain sufficient qualified employees is critical to maintaining efficient operations, delivering exceptional guest experiences and upholding the reputation of the Boston Pizza brand. Failure to do so could result in operational disruptions, diminished service quality, negative guest perceptions and potential reputational damage. These challenges may lead to declines in Franchise Sales, negatively affecting Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders. Additionally, increased labour costs or inefficient labour management can erode franchisee profitability, heightening the risk of restaurant closures.

Mitigation:

BPI and BP Canada LP have developed numerous programs that are designed to assist franchisees in attracting and retaining employees who are both qualified and motivated. These include hosting a national Boston Pizza careers website where franchises can post employment opportunities and prospective employees can apply for positions, the use of other recruitment platforms such as Indigenous.Link, making available to franchisees a new employee orientation program, providing employee management and leadership development classes and periodically hosting multi-day Boston Pizza conferences that provide opportunities for engagement and professional development of franchisees, general managers and kitchen managers. Additionally, BPI has a Scholarship Program that offers financial assistance for Boston Pizza Restaurant employees pursuing post-secondary education, including university degrees, college diplomas or certificates. These initiatives collectively enhance franchisees' ability to attract, develop and retain a skilled and motivated workforce, contributing to the long-term success and operational excellence of Boston Pizza Restaurants.

Attracting and retaining employees is essential, but effective labour scheduling is equally critical for delivering exceptional guest experiences and ensuring restaurant profitability. To address this, BPI and BP Canada LP require all Boston Pizza Restaurants to utilize the same digital labour management solution. This system streamlines hourly labour scheduling, enhances operational efficiency and facilitates the sharing of best practices and key performance indicators across all Boston Pizza Restaurants, reinforcing consistency and effectiveness in labour management throughout the network.

Additionally, BPI's culinary team, led by its Executive Chef, carefully develops menu items to balance operational efficiency with maintaining high standards of quality and consistency. The Executive Chef oversees a dedicated culinary team and collaborates closely with the Boston Pizza Restaurant Advisory Council, which is composed of top operators, as well as key suppliers. This collaborative approach ensures that menu offerings align with guest preferences, operational efficiency needs and quality standards. Supporting this effort, BPI's dedicated training team continuously updates training materials and manuals to ensure they are user-friendly and aligned with the latest operational best practices.

5. Food Safety

Inherent Risk:

The restaurant industry inherently faces the risk of food safety incidents that may cause harm to guests. The occurrence of any food safety incident at a Boston Pizza Restaurant, including any foodborne illness, has the potential to result in (i) significant adverse publicity which can diminish the value of the Boston Pizza brand, and (ii) significant liability for harm caused to guests. Additionally, food safety incidents within the broader restaurant industry can create widespread negative publicity that materially affects the entire industry, including Boston Pizza Restaurants.

Potential Impact:

Publicity from a food safety incident could adversely affect Franchise Sales in one or more Boston Pizza

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Restaurants and the resulting Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders. In addition, BPI, BP Canada LP or Boston Pizza Restaurants may be the subject of complaints or litigation from guests alleging food-related illness or other food quality or health concerns. Negative publicity resulting from such allegations may materially affect the Franchise Sales of Boston Pizza Restaurants, irrespective of whether such allegations are true or whether a franchisee, BPI or BP Canada LP is ultimately held liable.

Mitigation:

BPI and BP Canada LP have rigorous food safety practices and protocols that Boston Pizza Restaurants are required to follow. These measures are designed to minimize the probability of food safety incidents, including foodborne illnesses, and ensure that guests of Boston Pizza Restaurants enjoy safe, high-quality food. Practices and processes include sourcing food products from industry-leading, reputable suppliers who employ robust quality assurance protocols. They also require employees of Boston Pizza Restaurants to undergo annual food safety training and certification. BPI's field operations team regularly assesses and audits every Boston Pizza Restaurant's compliance with these practices and processes via a Core Brand Standards Assessment that BPI has developed. BPI and BP Canada LP have also engaged Steritech, North America's industry-leading service provider, to perform semi-annual unannounced food safety audits at each Boston Pizza Restaurant, focusing on compliance with hygiene standards, food handling and storage protocols and kitchen sanitation practices. In addition, each Boston Pizza Restaurant is periodically inspected by local health inspectors who evaluate whether the restaurant is complying with all required food safety protocols. BPI subscribes to a service that provides alerts on any food safety violations noted by local health inspectors across Canada. Additionally, all Boston Pizza Restaurants partner with Ecolab, using their industry-leading chemicals and services to help keep restaurants safe and clean.

BP Canada LP requires all franchisees of Boston Pizza Restaurants (subject to certain exceptions) to participate in a comprehensive group property and casualty insurance program, which includes (i) liability coverage to compensate for bodily harm caused to guests and (ii) tradename restoration coverage designed to remediate reputational harm, and compensate for financial loss suffered, as a result of a food safety incident. However, there can be no assurance that insurance coverage will exist for any particular food safety incident or that the coverage will be adequate.

6. Damaging Restaurant Incidents / Effect of Media and Social Media

Inherent Risk:

Actual or alleged incidents occurring at individual Boston Pizza Restaurants have the potential to generate significant negative publicity that could impact the broader Boston Pizza brand and system. These incidents may encompass a range of issues, including but not limited to, food safety violations, injuries suffered on the premises, human relations matters such as bullying or harassment, failures to serve alcohol responsibly, inappropriate public discourse on a wide range of topics by restaurant employees, violent incidents that occur on the premises or other health and operational concerns. Each of these risks carries the potential to damage Boston Pizza's brand and business.

The Fund, BPI, BP Canada LP and Boston Pizza Restaurants may be adversely affected by information disseminated through both traditional media and social media. There has been a significant increase in the use of social media platforms and similar communication channels that provide individuals with access to a broad audience of guests and other stakeholders. Information on these platforms is disseminated almost instantaneously, often without filters or independent verification as to the accuracy of the content posted. The potential for dissemination of information, including inaccurate information, is virtually limitless. Information posted may be detrimental to the interests of the Fund, BPI, BP Canada LP, Boston Pizza Restaurants or the Boston Pizza brand, or may be inaccurate, and may harm the performance, prospects or business of the Fund, BPI, BP Canada LP, Boston Pizza Restaurants or the Boston Pizza brand. The harmful impact of such information can be immediate, leaving little to no opportunity for redress or correction by the Fund, BPI, BP Canada LP or Boston Pizza Restaurants.

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Potential Impact:

Harm caused by incidents that occur at Boston Pizza Restaurants and/or media reports, including social media, could significantly reduce demand for the products and services offered by Boston Pizza Restaurants. Incidents may decrease guest traffic to Boston Pizza Restaurants as guests shift their preferences to competitors or other alternatives, regardless of whether the incidents actually occurred, whether media reports were accurate or whether BPI, BP Canada LP or a Boston Pizza franchisee was ultimately held liable. A decrease in guest traffic to Boston Pizza Restaurants resulting from these events could lead to a decline in Franchise Sales and the resulting Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders.

Mitigation:

BPI and BP Canada LP have operating processes and procedures with which franchisees are required to comply that are designed to minimize adverse incidents occurring at Boston Pizza Restaurants, which include policies, processes and training around food safety, responsible service of alcohol, appropriate workplace conduct and communicating with the media, including social media. BPI engages with a leading social media monitoring company to continuously monitor social media feeds for potentially harmful publicity on Boston Pizza and employ timely mitigation tactics to reduce the likelihood of such content going viral. BPI's guest services, communications, operations and legal teams are also prepared to intervene promptly in the event of significant negative publicity, working collectively to diffuse the situation and mitigate reputational harm.

C. *Legal and Regulatory Risks*

BPI, BP Canada LP and Boston Pizza Restaurants are subject to various federal, provincial and local laws affecting their respective businesses. Any material non-compliance with such laws and regulations could adversely affect the operations and financial condition of BPI, BP Canada LP or Boston Pizza Restaurants. In addition, each Boston Pizza Restaurant is subject to licensing and regulation by a number of governmental authorities, which may include alcoholic beverage control, smoking laws, health and safety and fire agencies. Difficulties in obtaining or failures to obtain the required licenses or approvals could delay or prevent the development of a new Boston Pizza Restaurant in a particular area or restrict the ongoing operations of an existing Boston Pizza Restaurant. Certain specific and highly-relevant governmental regulations affecting BPI, BP Canada LP and Boston Pizza Restaurants are as follows:

1. Regulations Governing Food Service and Alcoholic Beverages

Inherent Risk:

Boston Pizza Restaurants are subject to various federal, provincial and local government regulations that regulate the sale of food and alcoholic beverages. Such regulations are subject to change from time to time. The failure to obtain and maintain these licenses, permits and approvals could adversely affect the operations of a Boston Pizza Restaurant. Typically, licenses must be renewed annually and may be revoked, suspended or denied renewal for cause at any time if governmental authorities determine that a Boston Pizza Restaurant has violated its regulations. Difficulties or failures in obtaining or maintaining the required licenses and approvals could adversely affect existing Boston Pizza Restaurants and potentially delay or cancel the opening of new Boston Pizza Restaurants, which would adversely affect BPI's and BP Canada LP's business.

The ability of Boston Pizza Restaurants to serve alcoholic beverages is an important factor in attracting guests. Alcoholic beverage regulations require each Boston Pizza Restaurant to apply to provincial or municipal authorities for a license or permit to sell alcoholic beverages on the premises and, in certain locations, to provide service for extended hours, as well as to provide service on Sundays. Typically, licenses must be renewed annually and may be revoked or suspended for cause at any time. Alcoholic beverage regulations govern numerous aspects of daily operations of Boston Pizza Restaurants, including the minimum age of patrons and employees, hours of operation, advertising, wholesale purchasing, inventory control and handling, storage and dispensing of alcoholic beverages. The failure of a Boston Pizza franchisee to maintain a license to serve liquor for a Boston Pizza Restaurant would adversely affect that restaurant's business. BPI, BP Canada LP or a Boston Pizza franchisee may be

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subject to legislation in certain provinces, which may grant a person injured by an intoxicated person the right to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated person.

Potential Impact:

Failure of Boston Pizza Restaurants to obtain or maintain any permit required for the lawful sale of food products or alcoholic beverages could result in reduced Franchise Sales, temporary or permanent closure of a Boston Pizza Restaurant and resulting declines in Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders. In addition, failure of a Boston Pizza Restaurant to comply with the terms and conditions of any such permit could result in fines, the suspension or termination of a permit and potentially negative publicity, all of which may result in declines in Franchise Sales and resulting declines in Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders.

Mitigation:

BPI and BP Canada LP provide guidance to franchisees regarding what types of governmental permits are required in different jurisdictions to lawfully sell food products and alcoholic beverages and, upon request, assist franchisees in applying for or renewing such permits. BPI and BP Canada LP also provide training resources to Boston Pizza franchisees and their employees about appropriate ways to prepare and serve food products and alcoholic beverages. BPI, BP Canada LP and Boston Pizza Restaurants carry host liquor liability coverage as part of their existing comprehensive general liability insurance. There is no assurance that such insurance coverage will address any individual claim or that it will be adequate.

2. Laws Concerning Employees

Inherent Risk:

The operations of Boston Pizza Restaurants are subject to laws and regulations governing the employer-employee relationship, including minimum wages, working conditions, overtime and tip credits, pay equity, discrimination and harassment as well as rules and regulations regarding the employment of temporary foreign workers. Significant numbers of Boston Pizza Restaurants' food service and preparation personnel are paid at rates related to the minimum wage and, accordingly, further increases in the minimum wage could increase Boston Pizza Restaurants' labour costs. Any actual or alleged failure to comply with laws and regulations governing the employer-employee relationship could result in legal claims being asserted by employees of franchisees. Such claims could be asserted against BPI, BP Canada LP or Boston Pizza franchisees and may create not only legal and financial liability, but negative publicity that could adversely affect the Boston Pizza brand and divert financial and management resources that would otherwise be used to benefit the future performance of the Fund, BPI and BP Canada LP. These types of employee claims could also be asserted against BPI or BP Canada LP, on a co-employer or joint-employer basis, by employees of the Boston Pizza franchisees. A significant increase in the number of these claims or an increase in the number of successful claims could adversely impact the reputation of the Fund, BPI and BP Canada LP. Lastly, in some regions of Canada, Boston Pizza Restaurants employ temporary foreign workers. The supply of labour in such regions could be reduced by government regulations concerning the employment of temporary foreign workers.

Potential Impact:

The management resources required, financial liabilities incurred, and/or reputational harm that may arise from employment-related claims being asserted against BPI or BP Canada LP or the failure of Boston Pizza franchisees to comply with applicable employment laws and regulations could result in reduced Franchise Sales, a temporary or permanent closure of a Boston Pizza Restaurant and resulting declines in Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders. In addition, changes to the regulations governing temporary foreign workers may constrain labour availability for franchisees and/or increase their labour costs, thereby reducing their profitability and increasing the risk of Boston Pizza Restaurants closing.

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Mitigation:

BPI and BP Canada LP provide guidance to franchisees regarding the requirements of applicable laws and regulations governing the employer-employee relationship, including standard policies and training materials related to appropriate workplace conduct. BPI and BP Canada LP also provide assistance to franchisees in managing conflicts with or among their employees. BPI may intercede in conflicts that arise between a franchisee and one or more of their employees/former employees in an attempt to cooperatively resolve the situation and minimize the probability of litigation or negative publicity. Additionally, through BPI, all Boston Pizza franchisees have a membership with the Canadian Federation of Independent Business. This membership offers extensive guidance and resources to help navigate complex labour issues effectively and to resolve employer-employee disputes amicably. Franchisees also have access to further resources through Boston Pizza's membership with Restaurants Canada. BPI's management has a seat on the Restaurants Canada board, ensuring that the interests and challenges of Boston Pizza franchisees are directly represented and addressed, including in broader industry advocacy efforts.

3. Sales Tax Regulations

Inherent Risk:

Increases in the after-tax price of goods and services have a negative effect on the guests' perception of spending on restaurant dining, including takeout and delivery. This negative perception can potentially reduce the frequency of guest visits to restaurants and/or the total amount that guests spend per restaurant visit. As guests' perception and/or actual disposable income are negatively impacted by higher after-tax prices, Franchise Sales face the risk of decline when retail sales taxes increase.

Potential Impact:

Increases to sales taxes on restaurant food and services may result in reduced Franchise Sales, resulting in declines to Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders.

Mitigation:

BPI plays a proactive role in advocating for the restaurant industry through its membership and board representation with Restaurants Canada. Restaurants Canada actively lobbies various levels of government on laws and regulations that impact the restaurant sector. Additionally, BPI and its franchisees are members of the Canadian Federation of Independent Business, which advocates on behalf of small businesses to promote favorable taxation policies and other business-friendly regulations.

4. Regulations Governing Franchises

Inherent Risk:

In Canada, six provinces – British Columbia, Alberta, Manitoba, Ontario, New Brunswick and Prince Edward Island – have legislation that specifically governs franchises.¹⁰ The complete failure to provide a disclosure document as required by the franchise disclosure laws and regulations in these provinces (or the provision of a disclosure document that is materially non-compliant) provides a franchisee with a two-year absolute right of rescission. If a disclosure document is not provided within the time required by applicable provincial legislation, a franchisee has 60 days from the date of receipt of the disclosure document to rescind the franchise agreement. These statutory rights of rescission entitle the franchisee to recover all monies paid and claim compensation for any losses incurred. Franchise legislation also provides a franchisee with a statutory right of action to sue if a franchisee suffers a loss because of a misrepresentation contained in the disclosure document, or as a result of the franchisor's failure to comply with its disclosure obligations. These rights are in addition to any rights that might exist under common law.

Potential Impact:

Claims arising from any non-compliance with franchise disclosure laws may adversely affect the ability

¹⁰ In addition, Saskatchewan has passed the *Franchise Disclosure Act*, which is scheduled to come into force on June 30, 2026.

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of BP Canada LP to pay Distribution Income to Holdings LP, and of BPI to pay Royalty Income to Royalties LP. Such claims may also result in negative publicity that may impede BPI's and BP Canada LP's ability to attract and retain qualified franchisees, thereby reducing their ability to support and grow the business of Boston Pizza Restaurants.

Mitigation:

BPI and BP Canada LP have strict internal processes to ensure that franchise agreements are not entered into without first having provided the requisite franchise disclosure documents and waiting the required amount of time before entering into the agreements. In addition, BPI and BP Canada LP have strict internal processes and routinely consult with external legal counsel to ensure that every franchise disclosure document issued is materially compliant with applicable laws and is free from misrepresentation.

5. Intellectual Property

Inherent Risk:

The ability of BPI and BP Canada LP to maintain or increase Franchise Sales will depend on their ability to maintain "brand equity" through the use of the BP Rights licensed from Royalties LP. If Royalties LP fails to enforce or maintain any of its intellectual property rights, BPI and BP Canada LP may be unable to fully capitalize on the benefits of the well-established and positive brand equity that Boston Pizza has built. All registered trademarks in Canada can be challenged pursuant to provisions of the *Trademarks Act* (Canada). Royalties LP owns the BP Rights in Canada. However, it does not own identical or similar trademarks owned by parties not related to BPI or Royalties LP in other jurisdictions outside of Canada. Third parties may use such trademarks in jurisdictions other than Canada in a manner that diminishes the value of such trademarks.

Potential Impact:

If the validity or enforceability of any of the BP Rights are ever successfully challenged, this may have an adverse impact on the value of the BP Rights, the amount of Franchise Sales, and the resulting Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders. In addition, if identical or similar trademarks are used outside of Canada in a manner that diminishes the value of those trademarks, the value of the BP Rights may be impaired, and Franchise Sales of Boston Pizza Restaurants could decline. Similarly, negative publicity or events associated with such trademarks in jurisdictions outside of Canada may negatively affect the image and reputation of Boston Pizza Restaurants in Canada, resulting in a decline in Franchise Sales of Boston Pizza Restaurants. Any such decline in Franchise Sales would reduce the amount of Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders.

Mitigation:

BPI and BP Canada LP have developed and implemented strict brand usage guidelines to facilitate BPI complying with its obligations under the License and Royalty Agreement. Those guidelines are designed to ensure that the validity and enforceability of the BP Rights are maintained and not diminished. All significant marketing campaigns and advertising materials are reviewed by BPI's legal department to ensure appropriate trademark usage and compliance with the License and Royalty Agreement. BPI subscribes to an international watch service that alerts BPI to any trademark applications that are filed in Canada or elsewhere that are identical, confusingly similar or conflict with any of the BP Rights so that BPI can take appropriate defensive actions. In addition, BPI vigorously pursues, through all legal means necessary, all known instances of any person infringing or violating any of the BP Rights. Furthermore, BPI's internal audit team performs a trademark compliance review on the Boston Pizza marks every two years and reports the findings and recommendations to the Trustees.

6. Disease Outbreaks

Inherent Risk:

Any local, regional, national or international outbreak of a contagious disease, pandemic, epidemic or other material disease outbreak could reduce the general population's willingness to dine out, lead to

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employee shortages, decrease guest traffic, cause supply shortages and result in increased governmental regulations (including potential restrictions to on-premises dining). The majority of Franchise Sales at Boston Pizza are generated on-premises in dining rooms, sports bars and patios, making the risk from pandemics particularly impactful to Boston Pizza's overall results, as government restrictions, such as those imposed during the COVID-19 pandemic, often specifically constrain on-premises dining operations.

Potential Impact:

Any of the foregoing may: (i) limit Boston Pizza Restaurants' ability to generate Franchise Sales, thereby decreasing the resulting Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders; and/or (ii) decrease the profitability of Boston Pizza Restaurants, thereby increasing the risks of them closing.

Mitigation:

BPI, BP Canada LP and Boston Pizza Restaurants have expanded and continue to focus on the take-out and delivery channel to appeal to guests' preferences and desire for convenience, and to be well-positioned in the event future disease outbreaks result in decreased guest traffic or increased government regulations (as was the case during the COVID-19 pandemic). In addition, BPI and BP Canada LP have contingency plans in place to adapt restaurant operations as a result of disease outbreaks and/or increased governmental regulations.

D. Financial Risks

1. Economic Uncertainties

Inherent Risk:

The success of BPI, BP Canada LP and Boston Pizza Restaurants, and the amount of Franchise Sales, Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders, are dependent upon many economic factors, including impacts of inflation, increases in interest rates, rising input costs, unemployment rates, guest confidence, guest discretionary income and spending, recession, supply chain disruption, labour availability and other broadly disruptive events. A prolonged trade war between Canada and the United States of America, which is by far Canada's largest trading partner and a critical driver of our economy, could trigger a broader economic slowdown or recession. Such conditions would likely reduce consumer discretionary spending, further impacting guest traffic and Franchise Sales at Boston Pizza Restaurants. In addition, as tariffs or trade restrictions are imposed, Boston Pizza Restaurants may face higher input costs, which could reduce margins or necessitate menu price adjustments that impact guest demand. Inflation and increases in interest rates decrease consumers' discretionary spending and increase the difficulty for Boston Pizza Restaurants to operate profitably due to increased input and debt service costs while balancing the need to maintain competitive menu pricing. Increases in interest rates also make it more difficult for Boston Pizza Restaurants to invest in new equipment and technology due to increased debt service costs. Rising unemployment rates, decreasing guest confidence and recession may lead to decreased demand for dining out, including takeout and delivery, resulting in reduced guest traffic and Franchise Sales. While global supply chains have largely normalized since the COVID-19 pandemic, it remains possible that economic uncertainty, including global trade tensions and tariffs, particularly given Canada's significant reliance on trade with the United States of America and other major trading partners, may result in commodity unavailability or increased commodity costs for Boston Pizza Restaurants. Additionally, the continued labour shortage in the restaurant industry may impede Boston Pizza Restaurants' ability to attract and retain sufficient numbers of qualified employees. Furthermore, global disruptions, such as geopolitical events, public health or pandemic outbreaks (including COVID-19), war or hostilities in countries in which Boston Pizza suppliers are located, terrorist or military activities, social unrest or natural disasters could lead to disruptions in the supply chain and increased economic uncertainty.

Potential Impact:

All the factors listed above can contribute to a challenging environment for Boston Pizza Restaurants, which may: (i) limit their ability to generate Franchise Sales, thereby decreasing the resulting Royalty

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Income, Distribution Income and Distributable Cash available for distribution to Unitholders; and/or (ii) decrease their profitability, thereby increasing the risks of Boston Pizza Restaurants closing.

Mitigation:

While economic uncertainties are outside the control of the Fund, BPI or BP Canada LP, BPI and BP Canada LP employ several strategies to minimize the negative impacts of significant adverse economic factors. BPI and BP Canada LP have established national franchisee lending programs with five of Canada's largest financial institutions that provide franchisees with access to capital at attractive interest rates.

Boston Pizza Restaurants enjoy national purchasing power through BPI's dedicated procurement team who are focused on negotiating cost effective arrangements with suppliers. BPI's procurement team routinely enters into longer-term contracts with suppliers to insulate the business from short-term cost fluctuations that arise during supply chain disruptions. In addition, BPI's procurement team actively seeks to source goods from within Canada where possible in order to mitigate the effect of foreign exchange and potential trade disputes. The vast majority of food products purchased by Boston Pizza Restaurants are sourced from within Canada and made with Canadian ingredients. BPI's and BP Canada LP's domestic sourcing strategy ensures greater price stability and supply chain resilience, reducing the risk of sudden cost increases due to global trade disputes. In the event that it is not possible to procure necessary goods from within Canada, BPI's procurement seeks to procure them from jurisdictions from which Canada does not impose importation tariffs. Furthermore, Boston Pizza's vast and diverse menu provides BPI's culinary and foodservices teams flexibility to modify menu composition and offerings to optimize ingredient usage in a manner that minimizes impacts of tariffs. BPI continually monitors potential tariff risks and evaluates alternative sourcing strategies to minimize cost impacts on Boston Pizza Restaurants. BPI also plays a proactive role in advocating for the restaurant industry through its membership and board representation with Restaurants Canada. Restaurants Canada actively lobbies various levels of government on laws and regulations that impact the restaurant sector, including tariffs.

BPI and BP Canada LP require Boston Pizza Restaurants to use a digital labour management solution to schedule and efficiently manage labour costs (discussed above). The Boston Pizza system also has many multi-unit franchisees who tend to have a greater capacity to diversify risk and weather economic uncertainties than single-unit franchisees. In addition, the Boston Pizza system benefits from a substantial Advertising Fund that can aggressively promote value-based offerings that resonate with guests during challenging economic conditions.

2. Availability and Adequacy of Insurance

Inherent Risk:

BPI, BP Canada LP and Boston Pizza Restaurants maintain insurance coverage to protect them from liabilities they incur in the course of their business. There is no assurance that such insurance coverage will respond to, or be adequate to protect them from, such liabilities. Additionally, in the future, the insurance premiums for BPI, BP Canada LP and Boston Pizza Restaurants may increase and they may not be able to obtain similar levels of insurance on reasonable terms or at all. Furthermore, there are types of losses BPI, BP Canada LP or Boston Pizza Restaurants may incur that cannot be insured against or that are not economically reasonable to insure.

Potential Impact:

Any substantial inadequacy of, or inability to obtain insurance coverage, could materially adversely affect BPI's and BP Canada LP's business, financial condition and results of operations, or could result in Boston Pizza Restaurants closing. In addition, any losses that are not insurable or not insurable on reasonable terms could have a material adverse effect on BPI's and BP Canada LP's business and results of operations or could result in Boston Pizza Restaurants closing. Any of the foregoing may result in declines in Franchise Sales, and the resulting Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders.

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Mitigation:

BPI and BP Canada LP use the services of a leading global insurance brokerage to design and manage a comprehensive group property and casualty insurance program for BPI, BP Canada LP and Boston Pizza Restaurants. BPI's and BP Canada LP's insurance broker periodically markets the Boston Pizza insurance program to leading global insurers and provides regular advice on adequacy of coverage, applicable exclusions and premium benchmarking with a view to providing the optimal blend of coverage and affordability.

3. Indebtedness of BPI

Inherent Risk:

BPI has third-party debt service obligations under its credit facilities with the Bank (the "**BPI Credit Facilities**"). Pursuant to the Second Amended and Restated Priority Agreement dated April 11, 2018 between Royalties LP and the Bank, the Fund has priority over the Bank with respect to the payment of Royalty Income and Distribution Income owing by BPI and BP Canada LP versus amounts owing by BPI to the Bank. However, the degree to which BPI is leveraged could have important consequences to Unitholders, including: (i) a portion of BPI's free cash flow from operations could be dedicated to the payment of the principal of and interest on BPI's indebtedness, thereby reducing funds available for BPI to support and grow the business of Boston Pizza Restaurants; and (ii) if BPI's free cash flow from operations after paying the Fund Royalty Income and Distribution Income is insufficient to pay principal and interest owing to the Bank, BPI may commit an event of default under the BPI Credit Facilities, which if not cured or waived, could result in the acceleration of the relevant indebtedness and/or could have a material adverse effect on the Fund.

In addition, all of BPI's borrowings are currently at variable interest rates. As such, changes in interest rates could significantly impact BPI's debt service costs. The BPI Credit Facilities mature on July 1, 2026, at which time BPI will need to either repay or refinance such loans. There can be no guarantee that refinancing will be available to BPI, or available to BPI on acceptable terms. BPI's ability to meet its debt obligations, whether through scheduled payments of principal and interest, or refinancing, depends on future cash flows. These cash flows are dependent on the success of Boston Pizza Restaurants, prevailing economic conditions, prevailing interest rate levels, and various financial, competitive and business factors, many of which are beyond BPI's control.

The BPI Credit Facilities contain numerous restrictive covenants that limit the discretion of BPI's management over certain business matters. These covenants place restrictions on, among other things, the ability of BPI to incur additional indebtedness, to create liens or other encumbrances, to pay distributions or make certain other payments, investments, loans and guarantees, to sell or otherwise dispose of assets, to allow a change of control and to merge or consolidate with another entity. A failure by BPI to comply with the obligations in the BPI Credit Facilities could result in an event of default under the BPI Credit Facilities, which if not cured or waived, could result in the acceleration of the relevant indebtedness and/or could have a material adverse effect on the Fund.

Potential Impact:

If BPI has insufficient cash flows from operations available to adequately support and grow the business of Boston Pizza Restaurants due to debt service expenses, then it may result in a reduction in the amount of Franchise Sales and the resulting Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders. If BPI commits an event of default under the BPI Credit Facilities that is not cured or waived due to (i) having insufficient cash flows from operations after the payment of Royalty Income and Distribution Income to pay amounts owing to the Bank, (ii) not being able to repay or refinance its indebtedness on acceptable terms upon maturity, or (iii) failing to comply with restrictive covenants in the BPI Credit Facilities, it may result in the relevant indebtedness being accelerated, the Bank commencing proceedings to enforce its security and/or could have a material adverse effect on the Fund. If BPI were to commit an event of default under the BPI Credit Facilities and the indebtedness thereunder were accelerated, there can be no assurance that BPI would have sufficient liquidity to repay that indebtedness. If BPI were unable to repay that indebtedness, it may have a material adverse effect on the Fund. In addition, significant changes in the amount required by BPI to be applied to debt service

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due to changes in interest rates could negatively impact BPI's ability to grow and support the business of Boston Pizza Restaurants.

Mitigation:

BPI has steadily reduced its indebtedness through regular payments to the Bank and currently maintains a modest level of leverage. BPI periodically reviews its capital structure and evaluates whether its level of leverage is appropriate. BPI has also established robust internal processes to ensure that all covenants contained within the BPI Credit Facilities are not inadvertently breached, including comprehensive multi-year financial projections that forecast, among other things, covenant compliance. Additionally, BPI actively monitors its exposure to interest rate risk by tracking fluctuations in CORRA and prime interest rates and evaluating interest rate swaps when necessary. Lastly, while the BPI Credit Facilities mature on July 1, 2026, BPI expects that it will be able to refinance the BPI Credit Facilities on or before maturity on acceptable terms. This is based on BPI's ability to generate positive cash flow from operations, its history of being able to successfully refinance its debt and positive relationships with lenders. However, if such refinancing does not occur, BPI anticipates that it will have adequate resources available to repay the outstanding principal amount owing under the BPI Credit Facilities upon maturity.

4. Indebtedness of Franchisees

Inherent Risk:

Numerous franchisees of BP Canada LP have third-party debt service obligations under various credit arrangements with their lenders. The degree to which franchisees of BP Canada LP are leveraged and the extent to which such franchisees are exposed to interest rate risk could impact the amount of cash such franchisees are required to spend on debt service. In addition, a failure of franchisees of BP Canada LP to comply with restrictive or other covenants under the credit arrangements with their lenders could result in their indebtedness being accelerated.

Potential Impact:

If franchisees of BP Canada LP are excessively leveraged or there are increases to interest rates, the amount of cash such franchisees spend on debt service could negatively impact the ability of such franchisees to pay BP Canada LP royalty and advertising fees and may increase the probability of Boston Pizza Restaurants closing. In addition, any failure of franchisees of BP Canada LP to either comply with the agreements governing their third-party debt service obligations or to repay or refinance such debt upon maturity could also negatively impact the ability of such franchisees to pay BP Canada LP royalty and advertising fees and may increase the probability of Boston Pizza Restaurants closing. The foregoing may decrease the amount of Franchise Sales and the resulting Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders.

Mitigation:

BPI and BP Canada LP have established national franchisee lending programs with five of Canada's larger financial institutions that provide franchisees with access to capital at attractive interest rates. Under these programs, BPI and BP Canada LP receives regular reports from the financial institutions regarding the amount of indebtedness owing and whether the franchisees are in compliance with their obligations to the financial institutions. If any problems are identified by the lenders, BPI and BP Canada LP attempt to work with the applicable franchisees and the financial institutions to stabilize the situation and find a mutually beneficial solution.

E. *Technology Risks*

1. Cybersecurity / System Failure / Data Breaches

Inherent Risk:

BPI, BP Canada LP and Boston Pizza franchisees rely heavily upon information technology systems, including point-of-sale processing systems, in Boston Pizza Restaurants. These systems are essential for managing their supply chain, fulfilling payment obligations, processing cash, credit and debit card transactions and handling other critical tasks, including the receiving and fulfilling of guests' orders at

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Boston Pizza Restaurants. BPI's, BP Canada LP's and Boston Pizza Restaurants' ability to efficiently and effectively manage their business depends significantly on the reliability and capacity of these systems. BPI's, BP Canada LP's and Boston Pizza Restaurants' operations depend upon their ability to protect their computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, cybersecurity incidents and other disruptive problems. The failure of these systems to operate effectively – whether due to maintenance problems, challenges in upgrading or transitioning to new platforms, difficulties in scaling systems to support growth or breaches in security (including ransomware attacks or denial-of-service threats) – could result in an inability to operate, delays in guest service, or reduced efficiency in BPI's, BP Canada LP's and Boston Pizza Restaurants' operations. Any unavailability of these information technology systems also has the potential to garner significant adverse publicity and loss of guest confidence. Remediation of such problems could result in significant, unplanned capital investments, and the lead time to address existing deficiencies in IT systems or to vet and implement new IT systems tends to be lengthy.

In addition, BPI, BP Canada LP and Boston Pizza franchisees collect and/or use confidential guest information related to the electronic processing of credit and debit card transactions, personal information of guests in connection with Boston Pizza's loyalty platform and personal information of their respective employees. If any of BPI, BP Canada LP or Boston Pizza franchisees experiences a security breach in which any of this type of information is stolen or disclosed, BPI, BP Canada LP or Boston Pizza franchisees may incur unanticipated costs, become subject to claims for purportedly fraudulent transactions arising out of the actual or alleged theft of credit or debit card information and/or become subject to lawsuits, regulatory penalties or other proceedings relating to these types of incidents. In addition, most provinces have enacted legislation requiring notification of security breaches involving personal information, including credit and debit card information. Security breaches also have the potential to garner significant adverse publicity and loss of guest confidence.

Potential Impact:

Any unplanned unavailability of the information technology systems upon which BPI, BP Canada LP or Boston Pizza Restaurants rely, whether as a result of system failure, physical damage, cybersecurity incidents or otherwise, together with any adverse publicity resulting from such unavailability, may have a material adverse effect on Franchise Sales, the resulting Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders. In addition, unanticipated costs incurred by BPI, BP Canada LP or Boston Pizza Restaurants to remediate any unavailability of information technology systems could decrease the profitability of Boston Pizza Restaurants thereby increasing the risk of them closing and/or impede the ability of BP Canada LP to pay Distribution Income to Holdings LP, or BPI to pay Royalty Income to Royalties LP.

In addition, any claims, proceedings or costs associated with any actual or alleged loss or disclosure of confidential guest information or other personal information could cause BPI, BP Canada LP or Boston Pizza franchisees to incur significant unplanned expenses, which could have an adverse impact on their financial condition and results of operations. Furthermore, adverse publicity resulting from any actual or alleged security breach may have a material adverse effect on Franchise Sales, the resulting Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders and/or the ability of BP Canada LP to pay Distribution Income to Holdings LP or BPI to pay Royalty Income to Royalties LP.

Mitigation:

All core information technology systems that power the operations of BPI, BP Canada LP and Boston Pizza Restaurants are centrally managed by BPI. BPI has developed a comprehensive cybersecurity strategy that is designed to protect the information technology systems from malicious attacks, unavailability and security breaches, and which is regularly reviewed and tested. BPI has a dedicated team of technology and cybersecurity professionals that continue to strengthen their cyber posture and improve their resilience and cybersecurity capabilities including security monitoring, cyber threat intelligence analysis and event alerting. In addition to having in-house cybersecurity expertise, BPI engages with external industry-leading cybersecurity experts to regularly conduct security assessments and penetration testing and to provide BPI with ongoing advice on best practices, threat intelligence and

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training. All systems relating to the processing of credit and debit card transactions by Boston Pizza Restaurants are required to be compliant with the applicable Payment Card Industry Data Security Standards and Boston Pizza Restaurants are tested annually.

2. Failure of Technology to Remain Current and Satisfy Future Needs

Inherent Risk:

The technology landscape in the restaurant industry is rapidly evolving and advancements in technology are increasingly impacting guests' experiences with restaurants. There is a risk that the technology tools and systems upon which BPI, BP Canada LP and Boston Pizza Restaurants rely to operate their businesses become antiquated or are incapable of satisfying future needs and demands of the business and guests. Any failure of BPI, BP Canada LP and Boston Pizza Restaurants to adequately invest in technology capabilities in a safe and responsible manner may have adverse effects on guest experiences, restaurant operations, efficiency and profitability of Boston Pizza Restaurants.

Potential Impact:

A failure of Boston Pizza's technology to satisfy future needs and demands of the business and guests may have a material adverse effect on Franchise Sales, the resulting Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders. In addition, any associated loss of profitability of Boston Pizza Restaurants may increase the probability of them closing.

Mitigation:

BPI recognizes the growing and strategic importance of technology to the Boston Pizza business and has significantly enhanced its technology leadership capabilities in recent years. BPI has a dedicated Senior Vice President of Business Technology on its Executive Team, which highlights the vital role of IT in shaping the future, especially enhancing guest experiences and supporting operations and employees in Boston Pizza Restaurants. BPI and BP Canada LP have developed a long-term technology roadmap to guide the ethical development, procurement and use of technology throughout the Boston Pizza system. BPI and BP Canada LP are constantly evaluating new technologies, including artificial intelligence, with a view to balancing enhanced guest experiences, increased efficiencies, capital investment, security and ethical considerations. BPI has relationships with industry-leading technology suppliers who provide advice to BPI on emerging technology trends within the restaurant industry. Before adopting any new technology, BPI thoroughly tests them in a laboratory environment to evaluate their reliability and performance. Any technology that is shortlisted for implementation is further tested in select Boston Pizza Restaurants prior to being deployed throughout the Boston Pizza system to ensure that it is reliable, performs adequately and is sufficiently secure. BPI also maintains policies regarding safe and responsible use of technology.

III. Risks Related to the Structure of the Fund

The following is a description of the material risks associated with the structure of the Fund. They are separated into two sections (i) risks for which meaningful mitigation strategies and tactics exist and (ii) risks for which they do not. Readers are cautioned that there can be no assurance that any of the mitigation strategies and tactics described below will be successful in preventing, mitigating or managing the associated risks.

A. *Risks for which Meaningful Mitigation Strategies and Tactics Exist*

1. Dependence of the Fund on BPI and BP Canada LP

Inherent Risk:

The only sources of revenue of the Fund are: (i) Royalty Income payable by BPI to Royalties LP; and (ii) Distribution Income payable by BP Canada LP to Holdings LP. BP Canada LP collects royalty, franchise fees and other amounts from Boston Pizza franchisees and BPI generates revenues from its owned and operated corporate restaurant. In the conduct of the business, BPI pays expenses and incurs debt and obligations to third parties. These expenses, debts and obligations could impact the ability of

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BPI to grow and support the business of Boston Pizza Restaurants and/or to pay Royalty Income to Royalties LP, or of BP Canada LP to pay Distribution Income to Holdings LP.

Royalties LP, Holdings LP and the Fund are each entirely dependent upon the operations and assets of BPI and BP Canada LP to pay Royalty Income to Royalties LP and Distribution Income to Holdings LP, and each is subject to the risks encountered by BPI and BP Canada LP in the operation of their business, including the risks relating to the casual dining restaurant industry referred to above and the results of operations and financial condition of BPI and BP Canada LP.

Potential Impact:

If Boston Pizza Restaurants are unable to successfully generate Franchise Sales, BP Canada LP is unsuccessful in collecting royalties from Boston Pizza franchisees or generating revenue from suppliers, distributors and other sources, and/or BPI and BP Canada LP generate insufficient income to pay its expenses (including Royalty Income and Distribution Income), the amount of Royalty Income, Distribution Income and Distributable Cash available for distribution to Unitholders may be impaired (see the "Risks and Risks & Risk Management – II. Risks Related to the Restaurant Industry and Business of BPI and BP Canada LP" section of this MD&A for full details).

Mitigation:

The Fund has contractual rights to receive reports, and to inspect and monitor BPI's and BP Canada LP's business operations as part of oversight responsibilities for the protection of the Fund's sources of revenue. Accordingly, the Trustees receive regular sales, financial and business performance reports from BPI and BP Canada LP that keep them apprised of the state of the business operations of BPI, BP Canada LP and Boston Pizza Restaurants. In addition, the Trustees regularly consult with senior management of BPI regarding BPI's strategy, sales initiatives, risks and opportunities, operational matters, succession plans, brand health and financial condition. Furthermore, the Trustees receive regular updates on the restaurant industry conditions, as well as the overall health and prospects of Boston Pizza Restaurants in the Royalty Pool.

2. Leverage Risks

Debt Service & Refinancing Risk – Royalties LP and Holdings LP have third-party debt service obligations under the Credit Facilities. The degree to which Royalties LP and Holdings LP are leveraged could have important consequences to Unitholders, including: (i) a portion of Royalties LP's and Holdings LP's cash flow from operations could be dedicated to the payment of the principal of and interest on their indebtedness, thereby reducing funds available for distribution to the Fund; and (ii) certain of Royalties LP's and Holdings LP's borrowings are at variable rates of interest, which exposes them to the risk of increased interest rates. The Credit Facilities are due on July 1, 2026, at which time Royalties LP and Holdings LP will need to refinance such loans. There can be no guarantee that refinancing this indebtedness will be available to Royalties LP or Holdings LP, or available to Royalties LP or Holdings LP on acceptable terms. As well, Royalties LP's and Holdings LP's ability to make scheduled payments of principal or interest on, or to refinance, their indebtedness depends on future cash flows, which are impacted by factors beyond its control.

Restrictive Covenants – The Credit Facilities contain numerous restrictive covenants that limit the discretion of Royalties LP's and Holdings LP's management with respect to certain business matters. These covenants place restrictions on, among other things, the ability of Royalties LP and Holdings LP to incur additional indebtedness, to create liens or other encumbrances, to pay distributions or make certain other payments, investments, loans and guarantees, to sell or otherwise dispose of assets, to allow a change of control, to change the terms of the limited partnership agreement governing Holdings LP or the limited partnership agreement governing Royalties LP and to merge or consolidate with another entity. A failure to comply with the obligations in the Credit Facilities could result in an event of default which, if not cured or waived, could result in the acceleration of the relevant indebtedness, potentially leading to severe liquidity challenges. If the indebtedness under the Credit Facilities were to be accelerated, there can be no assurance that Royalties LP's, Holdings LP's and the Trust's assets would be sufficient to repay that indebtedness.

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Interest Rate Risks – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is exposed to interest rate risk primarily through its variable-rate long-term borrowings. Variations in interest rates could result in significant changes in the amount required by the Fund to be applied to debt service that could negatively impact Distributable Cash and the Fund's ability to make distributions on the Units.

Potential Impact:

The extent to which Royalties LP and Holdings LP are leveraged impacts the amount of cash flow from operations dedicated to the payment of the principal of and interest on their indebtedness, thereby reducing the amount of Distributable Cash available for distribution to Unitholders. Similarly, a rise in interest rates could result in higher Royalties LP's and Holdings LP's debt service costs, thereby reducing the amount of Distributable Cash available for distribution to Unitholders.

If Royalties LP and Holdings LP cannot refinance their indebtedness on acceptable terms upon maturity, it will negatively impact the ability of Royalties LP and Holdings LP to make distributions on their partnership securities, which in turn will negatively impact Distributable Cash and the Fund's ability to make distributions on the Units.

If Royalties LP or Holdings LP commit an event of default under the Credit Facilities that is not cured or waived due to (i) failing to comply with restrictive covenants in the Credit Facilities or (ii) not being able to repay or refinance its indebtedness on acceptable terms upon maturity, the indebtedness under the Credit Facilities may be accelerated, the Bank may commence proceedings to enforce its security and/or it may have a material adverse effect on the Fund. If Royalties LP and Holdings LP were to commit an event of default under the Credit Facilities and the indebtedness thereunder were accelerated, there can be no assurance that they would have sufficient liquidity to repay that indebtedness. If Royalties LP and Holdings LP were unable to repay that indebtedness, it may have a material adverse effect on the Fund and/or result in a reduction to the amount of Distributable Cash available for distribution to Unitholders.

Mitigation:

The Fund periodically reviews its capital structure and evaluates whether its leverage is appropriate. In addition, BPI's senior management regularly communicates with the Bank on behalf of the Fund to determine the Bank's satisfaction with the performance of the Fund and its levels of indebtedness, together with the Bank's willingness to renew or extend the Credit Facilities, the results of which are reported to the Trustees. While the Credit Facilities mature on July 1, 2026, the Fund expects that it will be able to refinance the Credit Facilities on or before maturity on acceptable terms and does not expect to be required to repay any of the principal amount outstanding. This is based on the Fund's ability to generate positive cash flow from operations, its history of being able to successfully refinance its debt, and positive relationships with lenders. In addition, the Fund has implemented a rigorous internal process to ensure that restrictive and other covenants contained within the Credit Facilities are not inadvertently breached. Furthermore, the Fund also manages its exposure to interest rate risk primarily by monitoring fluctuations in CORRA and prime interest rates, and by hedging a significant portion of the Fund's variable interest rate debt with interest rate swaps. The interest rate swaps have expiry dates that are evenly staggered over a longer period of time, which allow for more accurate forecasting and planning of future interest expenses (see the "Liquidity & Capital Resources – Interest Rate Swaps" section of this MD&A for full details).

3. Cash Distributions Not Guaranteed

Inherent Risk

The Fund's policy is to distribute the total amount of cash received by the Fund from the Trust on the Trust Units and the Trust notes less the sum of: (a) administrative expenses and other obligations of the Fund; (b) amounts which may be paid by the Fund in connection with any cash redemptions of Units; (c) any interest expense incurred by the Fund; (d) any contractually required repayments of principal of the Fund's indebtedness; and (e) reasonable reserves established by the Trustees in their sole discretion, including, without limitation, reserves established to pay SIFT Tax, in order to maximize returns to Unitholders. However, there can be no assurance regarding the amounts of income to be generated by

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the Fund, Royalties LP or Holdings LP. The actual amount distributed in respect of the Units will depend upon numerous factors, including amount of and payment of Distribution Income by BP Canada LP, and Royalty Income by BPI, as well as the taxes, interest and administrative expenses incurred by the Fund and its subsidiaries.

Potential Impact:

If the Fund's cash flows decline for any reason, the amount distributed in respect of the Units may decline.

Mitigation:

BPI's senior management provides the Fund with regular reports and comprehensive multi-year financial projections regarding the amount of income and cash to be received by the Fund in order to inform the distribution levels set by the Trustees. The Trustees closely monitor the Fund's available cash balances and set distribution levels on the Units with a view to maintaining a stable and sustainable return for Unitholders.

4. Income Tax Matters

Inherent Risk:

Although the Fund, its subsidiaries and BP Canada LP are of the view that all expenses to be claimed by them in the determination of their respective incomes under the *Income Tax Act* (Canada) (the "**Tax Act**") are legitimate, reasonable and deductible in accordance with the Tax Act and that the allocation of income for purposes of the Tax Act among the partners of Royalties LP and BP Canada LP is appropriate and supportable, there is no assurance that the Tax Act or the interpretation of the Tax Act will not change, or that the Canada Revenue Agency will agree with the expenses claimed or the allocations of income made. If the Canada Revenue Agency successfully challenges the deductibility of such expenses or the allocation of such income, the allocation of income to Holdings LP, and indirectly the Trust, the Fund and Unitholders, may increase or change.

There can be no assurance that Canadian federal income tax laws will not be changed in a manner that adversely affects the Fund and the Unitholders. If the Fund ceases to qualify as a "mutual fund trust" under the Tax Act either through conduct that renders it ineligible or through changes in tax laws, the income tax treatment afforded to Unitholders would be materially and adversely different in certain respects.

Distributions on the Trust Units accrue at the Fund level for income tax purposes whether or not actually paid. Similarly, Royalty Income may accrue at the Royalties LP level, and Distribution Income may accrue at the Holdings LP level, for income tax purposes whether or not actually paid. As a result, the income of Royalties LP or Holdings LP allocated to the Fund (through the Trust and Holdings LP), in respect of a particular Fiscal Year may exceed the cash distributed by Royalties LP or Holdings LP to the Fund (through the Trust and Holdings LP) in such year. The Fourth Amended and Restated Declaration of Trust dated July 3, 2024 governing the Fund (the "**Declaration of Trust**") provides that the Trustees may declare distributions to Unitholders in such amounts as the Trustees may determine from time to time. Where, in a particular year, the Fund does not have sufficient available cash to distribute the amounts so declared to Unitholders (for instance, where distributions on the Trust Units are due but not paid in whole or in part), the Declaration of Trust provides that additional Units may be distributed to Unitholders in lieu of cash distributions. Unitholders will generally be required to include an amount equal to the fair market value of those distributed Units in their taxable income.

The Fund is obligated to pay the SIFT Tax. The payment of the SIFT Tax reduces the amount of cash available for distributions to Unitholders. SIFT Tax may also adversely affect the marketability of Units and the ability of the Fund to successfully undertake financings or acquisitions. Since 2011, taxable income of the Fund allocated to Unitholders is classified as eligible dividends under the Tax Act. Unitholders who are Canadian residents and hold Units in non-tax deferred accounts may claim the dividend tax credit for eligible dividends which would, if applicable, reduce the after-tax impact of SIFT Tax. Unitholders are advised to consult their own tax advisors to determine the impact of SIFT Tax on their holdings of Units.

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Potential Impact:

If any expenses deducted by the Fund, its subsidiaries or BP Canada LP from income are ultimately denied, it may increase the Fund's, its subsidiaries' or BP Canada LP's tax liability, thereby reducing its after-tax income and resulting in a decrease to Distributable Cash available for distribution to Unitholders. Similarly, changes in tax laws or eligibility of the Fund as a "mutual fund trust" under the Tax Act may increase the Fund's income tax liability, thereby decreasing the amount of Distributable Cash available for distribution to Unitholders, or may increase the amount of tax payable by Unitholders. Furthermore, if the Fund's after-tax income is reduced as a result of increased income tax liabilities rendering the Fund unable to pay any declared distribution in cash, Unitholders may be issued Units under the Declaration of Trust in lieu of cash for such declared distribution.

Mitigation:

The Trustees and BPI's senior management periodically consult with professional tax advisors regarding the deductibility of various expenses in order to have reasonable confidence that such deductions are reasonable and in compliance with the Tax Act. In addition, the Fund has implemented a structured internal process to ensure that criteria required by the Tax Act for the Fund to continue to be classified as a "mutual fund trust" are not breached. Furthermore, BPI's senior management provides the Fund with regular reports and comprehensive multi-year financial projections regarding the amount of income and cash to be received by the Fund in order to adequately provide for taxes and inform the distribution levels set by the Trustees.

5. BPI Performing Royalties LP's Duties under Administration Agreement

Inherent Risk:

The Fund relies upon BPI and BPI's systems to conduct the day-to-day administrative functions of the Fund and its subsidiaries. Under the amended and restated administration agreement dated September 22, 2008 among the Fund, the Trust, Holdings LP, Holdings GP and Royalties LP (the "**Administration Agreement**"), Royalties LP is obligated to provide or arrange for the provision of administrative services to the Fund, Holdings LP, Holdings GP and the Trust. Under the limited partnership agreement governing Royalties LP, BPI, as a general partner of Royalties LP, is responsible for performing most of Royalties LP's obligations under the Administration Agreement, including the services required to: (i) ensure compliance by the Fund with continuous disclosure obligations under applicable securities legislation, including the preparation of financial statements relating thereto and the Fund's systems and processes for internal control over financial reporting; (ii) provide investor relations services; (iii) provide or cause to be provided to Unitholders all information to which Unitholders are entitled under the Declaration of Trust, including relevant information with respect to income taxes; (iv) call and hold all meetings of Unitholders and distribute required materials, including notices of meetings and information circulars, in respect of all such meetings; (v) provide for the calculation of distributions to Unitholders; (vi) attend to all administrative and other matters arising in connection with any redemption of Units; (vii) ensure compliance with the Fund's limitations on Non-resident (as defined below) ownership; (viii) administer certain loans; and (ix) provide general accounting, book-keeping, administrative and information system services (see the Fund's most recent Annual Information Form, a copy of which is available at www.sedarplus.ca and www.bpincomefund.com, for full details). If BPI fails to adequately perform any of these obligations, the Fund and its subsidiaries may fail to satisfy a wide range of obligations, including obligations to Unitholders, the Bank, governmental agencies, regulatory authorities and others.

Potential Impact:

If the Fund or any of its subsidiaries fails to satisfy any of its obligations as a result of inadequate performance of administrative services by BPI, it may result in a material adverse effect to the Fund, including litigation or enforcement actions being taken by Unitholders, the Bank, governmental agencies, regulatory authorities and others, and/or adverse publicity. See the other risk factors within this section for additional information on potential consequences flowing from a failure to satisfy obligations or adverse publicity.

MANAGEMENT'S DISCUSSION AND ANALYSIS
BOSTON PIZZA ROYALTIES INCOME FUND
For the Period and Year ended December 31, 2025

Mitigation:

The Fund and BPI maintain an annual work plan that captures the material operations of the Fund. The Trustees regularly review it to ensure that BPI is performing necessary tasks within timeframes required. The personnel of BPI who perform the administrative services for the Fund have the qualifications, systems and processes to ensure that the administrative services are appropriately performed and that critical tasks and deadlines for the Fund and its subsidiaries are completed. In addition, the Trustees receive regular reports and communication from such personnel of BPI that enable the Trustees to monitor and evaluate the quality of administrative services performed. Furthermore, the Trustees and BPI's senior management have regular discussions regarding the nature, quality and quantity of the administrative services of the Fund, the systems of controls and the personnel within BPI who perform those administrative tasks.

B. Risks for Which Meaningful Mitigation Strategies and Tactics Do Not Exist

1. Investment Eligibility

There can be no assurance that the Units will continue to be qualified investments for registered retirement savings plans, registered retirement income funds, deferred profit-sharing plans, registered education savings plans, registered disability savings plans or tax-free savings accounts under the Tax Act. In addition, a Unit may be a prohibited investment in respect of a registered disability savings plan, registered education savings plan, registered retirement savings plan, registered retirement income fund or tax-free savings account where, in general terms, the holder, subscriber or annuitant (as the case may be) does not deal at arm's length with the Fund or has a "significant interest" (as defined in the Tax Act) in the Fund. The Tax Act imposes penalties for the acquisition or holding of non-qualified or prohibited investments. Unitholders are advised to consult their own tax advisors to determine investment eligibility of Units for their circumstances.

2. Fund not a Corporation / Nature of Units

Investors are cautioned that the Fund is not generally regulated by established corporate law. Instead, Unitholders' rights are governed primarily by the specific provisions of the Declaration of Trust, which address such items as the nature of the Units, the entitlement of Unitholders to cash distributions, restrictions respecting non-resident (as defined below) holdings, meetings of Unitholders, delegation of authority, administration, Fund governance and liabilities and duties of the Trustees to Unitholders. As well, in the event of an insolvency or restructuring of the Fund under Canadian insolvency legislation, the rights of Unitholders may be different from those of shareholders of an insolvent or restructuring corporation.

Securities such as the Units are hybrids in that they share certain attributes common to both equity securities and debt instruments. The Units do not represent a direct investment in the Trust, Royalties LP or Holdings LP and should not be viewed by investors as units in the Trust, Royalties LP or Holdings LP. Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The Units represent a fractional ownership interest in the Fund. The Fund's only assets are Series 1 trust notes of the Trust, trust units of the Trust, common shares of Royalties GP and common shares of Holdings GP. The price per Unit is typically a function of the anticipated amount of distributions.

3. Restrictions on Certain Unitholders and Liquidity of Units

The Declaration of Trust imposes various restrictions on Unitholders. Unitholders that are non-residents of Canada for the purposes of the Tax Act ("**Non-residents**") and partnerships that are not Canadian partnerships for purposes of the Tax Act are prohibited from beneficially owning more than 50% of the Units (on a non-diluted and a fully-diluted basis). These restrictions may limit (or inhibit the exercise of) the rights of certain Unitholders, including Non-residents, to acquire Units, to exercise their rights as Unitholders and to initiate and complete take-over bids in respect of the Units. As a result, these

MANAGEMENT'S DISCUSSION AND ANALYSIS
BOSTON PIZZA ROYALTIES INCOME FUND
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restrictions may limit the demand for Units from certain Unitholders and thereby adversely affect the liquidity and market value of the Units held by the public.

4. Unpredictability and Volatility of Unit Prices

Factors Outside Fund's Control – The market price of Units may experience significant fluctuations in response to many factors, some of which may be outside the Fund's control. Macroeconomic or industry specific fluctuations on stock markets may impact the trading price of Units irrespective of the financial performance of the Fund or Boston Pizza Restaurants in the Royalty Pool. There is no assurance that the market price of Units will remain at current levels. In addition, there can be no assurance that any fluctuations in the market price of Units will be commensurate with the financial performance of the Fund or Boston Pizza Restaurants in the Royalty Pool.

Effect of Interest Rates on Unit Price – One factor that may influence the market price of Units is the annual return generated from distributions on the Units relative to the annual return generated from alternative financial instruments. Increases in interest rates may result in higher yields generated on alternative investment options, which could adversely affect the demand for Units.

Analyst Reports and Ratings – The price at which Units trade may be influenced by reports or ratings published by financial analysts. If an analyst who covers the Fund publishes a report that is unfavourable to the Fund or downgrades its evaluation of Units, the market price of Units may decline. If any analyst who covers the Fund ceases to do so, the Fund could lose visibility in the market for Units, which in turn could have an adverse impact on the price at which Units trade.

5. The Fund May Issue Additional Units Diluting Existing Unitholders' Interests

The Declaration of Trust authorizes the Fund to issue an unlimited number of Units and Special Voting Units for such consideration and on such terms and conditions as will be established by the Trustees without the approval of any Unitholders. Additional Units will be issued by the Fund upon the exchange of the Class B Units, Class 2 GP Units, or the Class 3, Class 4 or Class 5 general partnership units of BP Canada LP held by BPI or any related party.

6. Possible Unitholder Liability

The Declaration of Trust of the Fund provides that no Unitholder will be subject to any liability whatsoever to any person in connection with the holding of Units. However, there remains a risk, which is considered by the Fund to be remote in the circumstances, that a Unitholder could be personally liable despite such statement in the Declaration of Trust for the obligations of the Fund to the extent that claims are not satisfied out of the assets of the Fund. It is intended that the affairs of the Fund will be conducted to seek to minimize such risk wherever possible. There is legislation under the laws of British Columbia (discussed below) and certain other provinces which is intended to provide protection for beneficial owners of trusts.

On March 30, 2006, the *Income Trust Liability Act* (British Columbia) came into force. This legislation creates a statutory limitation on the liability of beneficiaries of British Columbia income trusts such as the Fund. The legislation provides that a unitholder of a trust will not be, as a beneficiary, liable for any act, default, obligation or liability of the Trustees. However, this legislation has not been judicially considered, and it is possible that reliance on the legislation by a Unitholder could be successfully challenged on jurisdictional or other grounds.

7. Distribution of Securities on Redemption of Units or Termination of the Fund

Upon a redemption of Units or termination of the Fund, the Trustees may distribute Series 2 and Series 3 trust notes of the Trust directly to the Unitholders, subject to obtaining all required regulatory approvals. There is currently no market for Series 2 or Series 3 trust notes. In addition, the Series 2 and Series 3 trust notes of the Trust are not freely tradable and are not currently listed on any stock exchange.

MANAGEMENT'S DISCUSSION AND ANALYSIS
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Securities of the Trust so distributed may not be eligible investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans or tax free savings accounts and may be prohibited investments for registered disability savings plans, registered education savings plans, registered retirement savings plans, registered retirement income funds and tax free savings accounts, depending upon the circumstances at the time.

ADDITIONAL INFORMATION

Additional information relating to the Fund, Royalties LP, Royalties GP, BPCHP, the Trust, Holdings LP, Holdings GP, BPI and BP Canada LP, including the Fund's Annual Information Form dated February 12, 2026, is available on the Fund's profile on SEDAR+ at www.sedarplus.ca and on the Fund's website at www.bpincomefund.com.

NOTE REGARDING FINANCIAL INFORMATION OF BPI

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

NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain information in this MD&A constitutes "forward-looking information" that involves known and unknown risks, uncertainties, future expectations and other factors which may cause the actual results, performance or achievements of BPI, the Fund, the Trust, Royalties LP, Holdings LP, Holdings GP, Royalties GP, BPCHP, BP Canada LP, Boston Pizza Restaurants or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. When used in this MD&A, forward-looking information may include words such as "estimate", "may", "will", "expect", "believe", "plan", "should" and other similar terminology. This information reflects current expectations regarding future events and operating performance and speaks only as of the date of this MD&A.

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

- future distributions and dates that distributions are to be paid or payable;
- adjustments to Additional Entitlements that are to occur in the future and when such adjustments will occur;
- how changes in distributions will be implemented;
- how distributions will be funded;
- volatility in the market price of Units;
- maintenance of franchisee relationships;
- increased average cheque levels are achieved through a combination of menu mix changes and increases to menu prices;
- the extent to which menu price increases result in increased average guest cheque being dependent upon consumer reaction to the price increases;
- the success of BPI, BP Canada LP and Boston Pizza Restaurants, and the amount of Franchise Sales, Royalty, Distribution Income and Distributable Cash available for distribution to Unitholders, being dependent on both consumer demand and restaurant-level operations;
- consumer demand being driven by consumer confidence and discretionary spending, which are influenced by macroeconomic factors, such as inflation and interest rates, wage growth and unemployment levels, recession risks, competition within the restaurant industry, evolving consumer

MANAGEMENT'S DISCUSSION AND ANALYSIS
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- preferences, changes in taxation and major geopolitical events, including tariffs;
- success at the restaurant-level being driven by operational focus, quality and efficiency, which are influenced by operating expertise, the adequacy of labour resources, supply chain availability, input costs and other operational factors;
- heightened trade tensions between Canada and the United States of America having the potential to increase input costs and decrease availability of goods for Boston Pizza Restaurants, together with dampening consumer demand, confidence and discretionary spending and increasing unemployment rates;
- the expectation that effective management among the Trustees, BPI and BP Canada LP for the oversight of climate-related risks and opportunities will be essential in ensuring sustainability and long-term success of the Fund, BPI, BP Canada LP and Boston Pizza Restaurants;
- the outcome of the assessment of identifying climate-related risks and opportunities applicable to BPI, BP Canada LP and Boston Pizza Restaurants;
- the expectation that Canada will adopt mandatory reporting requirements regarding climate-related risks and opportunities for public companies in the future;
- BPI, BP Canada LP and Boston Pizza Restaurants having the ability to adapt to evolving economic conditions and to overcome operational challenges;
- the future expansion of Boston Pizza Restaurants;
- the success of the Fund, BPI, BP Canada LP and Boston Pizza Restaurants, including the amount of Franchise Sales, Royalty Income, Distributions and cash available for distribution depending on both consumer demand and restaurant-level operations;
- consumer demand being driven by consumer confidence and discretionary spending, both of which are influenced by macroeconomic factors such as inflation and interest rates, wage growth and unemployment levels, recession risks, competition within the restaurant industry, evolving consumer preferences, changes in taxation and major geopolitical developments, including tariffs;
- BPI's management remaining proactive and agile, implementing strategies to drive sales, optimize supply chains and deepen guest loyalty, while protecting profitability of Boston Pizza Restaurants;
- the expectation of a solid platform for sustained growth and continued positive sales momentum throughout 2026;
- the expectation of periodic enhancements and updates to the Brand Impact Report;
- the Trustees will continue to closely monitor the Fund's available cash balances and distribution levels to maintain a stable and sustainable return for the Unitholders;
- BPI and BP Canada LP's ability to implement strategies driving higher guest traffic and increased average cheque levels;
- the Fund's expectation that future distributions will continue to be funded entirely by cash flows from operations;
- the Fund's current sources of liquidity being sufficient to cover its currently known short and long-term obligations;
- impact of seasonality and competition on Franchise Sales and Payout Ratio;
- the Fund continuing to qualify as a mutual fund trust for the purposes of the *Income Tax Act* (Canada);
- BPI's procurement team continuously engaging in negotiations with leading suppliers to secure competitive pricing for franchisees and optimize revenue opportunities for BP Canada LP;
- the tax treatment of its distributions declared per Unit; and
- estimated effective tax rate.

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

- the Fund maintaining the same distribution policy;
- absence of amendments to material contracts;
- no strategic changes of direction occurring;
- absence of changes in law;
- protection of BP Rights;
- pace of commercial real estate development;
- franchisees' access to financing;

MANAGEMENT'S DISCUSSION AND ANALYSIS
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- franchisees duly paying franchise fees and other amounts;
- no closures of Boston Pizza Restaurants that materially affect the amount of Royalty Income or Distribution Income paid by BPI and BP Canada LP, respectively, to the Fund;
- future results being similar to historical results;
- expectations related to future general economic conditions;
- management of BPI and BP Canada LP maintaining current strategies to drive higher guest traffic and higher average guest cheques;
- Boston Pizza Restaurants maintaining operational excellence;
- continuing surplus kitchen capacity at Boston Pizza Restaurants;
- Boston Pizza's ability to remain relevant to guests;
- culinary innovation and menu re-pricing;
- continuing operations of key suppliers;
- availability of experienced management and hourly employees;
- the absence of significant supply chain interruptions;
- ability to respond to, address or mitigate changing interest rates, increasing input costs, labour shortages and sustainability or climate-related issues including extreme weather events;
- ability to obtain qualified franchisees;
- ability to open sufficient New Restaurants to replace Franchise Sales of Closed Restaurants;
- ability to comply with disclosure obligations under franchise laws and regulations;
- ability to comply with various federal, provincial and local government laws and regulations;
- ability to obtain adequate insurance coverage;
- ability to enter into arrangements with suppliers and distributors to generate competitive pricing for franchisees and revenue for BP Canada LP; and
- no additional increases in SIFT Tax and sales tax rates.

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

- competition;
- consumer spending habits;
- consumer demand in the retail sector;
- household debt;
- weather;
- climate change;
- pricing;
- changes in demographic trends;
- changes in consumer preferences and discretionary spending patterns;
- changes in national and local business and economic conditions;
- legislation and government regulation;
- cash distributions are not guaranteed;
- accounting policies and practices;
- economic uncertainty;
- the results of operations and financial conditions of BPI and the Fund;
- inflation;
- changes in interest rates;
- labour availability, cost and efficiency;
- food safety;
- legal and regulatory risks, including regulations governing food services and alcoholic beverages, laws concerning employees, sales tax regulations, regulations governing franchises, intellectual property;
- Boston Pizza Restaurant closures and openings;
- successful challenge of the BP Rights;
- availability and adequacy of insurance;
- indebtedness of BPI;
- indebtedness of Franchisees;

MANAGEMENT'S DISCUSSION AND ANALYSIS
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- increases in the rate of SIFT Tax;
- litigation against franchisees;
- inability to attract and retain key personnel, and dependence of such key personnel;
- cybersecurity, system failure and data breaches, and failure of information technology to remain current and satisfy future needs;
- environment, social and governance matters;
- franchisee relations;
- growth of Royalty Income and Distribution Income, franchisee performance and closing of Boston Pizza Restaurants;
- availability and quality of raw materials, supply chain vendor dependency, and ethical and sustainable sourcing;
- global disruptions including geopolitical events, the imposition of trade tariffs, war or hostilities, terrorist or military activities or natural disasters;
- disease outbreaks; and
- risks related to the structure of the Fund, including the dependence of the Fund on the Trust, Holdings LP, BPI and BP Canada LP, leverage risks, cash distributions not being guaranteed and fluctuating, income tax matters, internal control over financial reporting, investment eligibility, nature of Units, restrictions of certain Unitholders and liquidity of Units, unpredictability and volatility of Unit prices, the Fund may issue additional Units diluting existing Unitholders' interests, possible Unitholder liability, distribution of securities on redemption of Units or termination of the Fund.

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

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

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



KPMG LLP
777 Dunsmuir Street, 11th floor
Vancouver, BC V7Y 1K3
Canada
Tel 604 691 3000
Fax 604 691 3031

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.

KPMG LLP

Chartered Professional Accountants

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

Vancouver, Canada

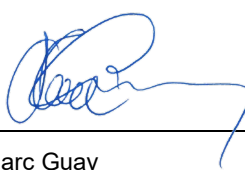
February 12, 2026

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

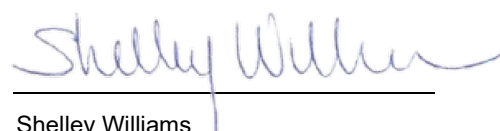
	December 31, 2025	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	\$ 3,889	\$ 4,573
Royalty receivable from Boston Pizza International Inc. (note 14)	3,424	3,378
Distributions receivable from Boston Pizza Canada Limited Partnership (note 14)	1,075	1,057
Prepaid expenses	134	123
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.

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)

(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

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)

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

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)

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).

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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
	\$ 10,388

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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(in thousands of Canadian dollars, except where noted)

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

BOSTON PIZZA ROYALTIES INCOME FUND
Notes to the Consolidated Financial Statements
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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

BOSTON PIZZA ROYALTIES INCOME FUND
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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.

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BOSTON PIZZA INTERNATIONAL INC.

**Management's Discussion and Analysis
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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FINANCIAL HIGHLIGHTS

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

<i>For the Year ended December 31</i>	2025	2024	2023
<i>(in thousands of dollars - except number of restaurants, SRS and per share items)</i>			
System-Wide Gross Sales ¹	1,224,007	1,174,882	1,165,628
Number of Boston Pizza Restaurants ²	372	372	372
Franchise Sales reported by Boston Pizza Restaurants ³	976,255	932,815	925,729
Same Restaurant Sales ⁴	4.7%	0.9%	8.7%
Income Statement Data			
Total revenues	126,724	119,745	124,727
Royalty expense	(39,050)	(37,266)	(37,026)
Distribution expense	(12,837)	(12,242)	(12,167)
Operating expenses excluding Royalty expense and Distribution expense	(64,204)	(61,039)	(65,035)
Earnings before interest and fair value loss	10,633	9,198	10,499
Net interest income	4,699	4,265	3,330
Fair value loss	(15,487)	(6,504)	(756)
(Loss) earnings before income taxes	(155)	6,959	13,073
Current and deferred income tax expense	(7,364)	(4,259)	(3,976)
Net and comprehensive (loss) income	(7,519)	2,700	9,097
Basic and diluted (loss) income per share	(76.66)	27.53	92.74
Balance Sheet Data			
	Dec 31, 2025	Dec 31, 2024	Dec 31, 2023
Total assets	166,239	157,440	151,246
Total liabilities	415,540	394,222	390,728

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

- 1 “**System-Wide Gross Sales**” is a supplementary financial measure under National Instrument 52-112 - *Non-GAAP and Other Financial Measures Disclosure* (“**NI 52-112**”) and therefore may not be comparable to similar measures presented by other issuers. System-Wide Gross Sales means the gross revenue: (i) of the corporate Boston Pizza Restaurants in Canada owned by BPI; and (ii) reported to BP Canada LP by franchised Boston Pizza Restaurants in Canada, without audit or other form of independent assurance, and in the case of both (i) and (ii), including revenue from the sale of liquor, beer, wine and revenue from BP Canada LP approved national promotions and discounts, but excluding applicable sales and similar taxes. BPI believes that System-

MANAGEMENT'S DISCUSSION AND ANALYSIS
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Wide Gross Sales provides useful information to investors regarding the overall performance of the Boston Pizza system.

- 2 Number of Boston Pizza Restaurants is reported as at the end of the applicable period.
- 3 **"Franchise Sales"** is a supplementary financial measure under NI 52-112 and therefore may not be comparable to similar measures presented by other issuers. Franchise Sales means the gross revenue: (i) of the corporate Boston Pizza Restaurants in Canada owned by BPI; and (ii) reported to BP Canada LP by franchised Boston Pizza Restaurants (as defined below), without audit or other form of independent assurance, and in the case of both (i) and (ii), after deducting revenue from the sale of liquor, beer, wine and revenue from BP Canada LP approved national promotions and discounts, and excluding applicable sales and similar taxes. Nevertheless, BP Canada LP periodically conducts audits of the Franchise Sales reported to it by its franchisees, and the Franchise Sales reported herein include results from sales audits of earlier periods. Franchise Sales is the basis upon which franchisees of BP Canada LP pay royalty and contributions into the Advertising Fund to BP Canada LP. BPI believes that Franchise Sales provides useful information to investors regarding the performance of the Boston Pizza System with respect to sales upon which BP Canada LP earns royalty and contributions into the Advertising Fund.
- 4 **"Same Restaurant Sales"** or **"SRS"** is a supplementary financial measure under NI 52-112 and therefore may not be comparable to similar measures presented by other issuers. BPI defines SRS as the change in Franchise Sales of Boston Pizza Restaurants as compared to the Franchise Sales for the same period in the previous year (where restaurants were open for a minimum of 24 months). BPI believes that SRS provides investors meaningful information regarding the performance of Boston Pizza Restaurants.

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SUMMARY OF QUARTERLY RESULTS

	Q4 2025	Q3 2025	Q2 2025	Q1 2025
(in thousands of dollars - except number of restaurants, SRS and per share items)				
System-Wide Gross Sales	306,839	309,774	316,133	291,261
Number of Boston Pizza Restaurants	372	372	372	372
Franchise Sales reported by Boston Pizza Restaurants	244,374	248,927	251,812	231,142
Same Restaurant Sales	3.7%	4.1%	6.4%	4.4%
<u>Income Statement Data</u>				
Total revenues	33,539	31,786	32,314	29,085
Royalty expense	(9,775)	(9,957)	(10,072)	(9,246)
Distribution expense	(3,220)	(3,275)	(3,306)	(3,036)
Operating expenses excluding Royalty and Distribution expense	(16,668)	(14,745)	(16,721)	(16,070)
Earnings before interest and fair value (loss) gain	3,876	3,809	2,215	733
Net interest income	1,869	1,102	989	739
Fair value (loss) gain	(4,960)	(3,661)	(7,925)	1,059
Earnings (loss) before income taxes	785	1,250	(4,721)	2,531
Current and deferred income tax expense	(2,547)	(2,081)	(2,526)	(210)
Net and comprehensive (loss) income	(1,762)	(831)	(7,247)	2,321
Basic and diluted (loss) income per share	(17.97)	(8.47)	(73.88)	23.66
	Q4 2024	Q3 2024	Q2 2024	Q1 2024
(in thousands of dollars - except number of restaurants, SRS and per share items)				
System-Wide Gross Sales	294,537	302,734	298,611	279,000
Number of Boston Pizza Restaurants	372	370	371	370
Franchise Sales reported by Boston Pizza Restaurants	234,850	238,964	236,900	222,101
Same Restaurant Sales	3.4%	(0.6%)	1.7%	(1.0%)
<u>Income Statement Data</u>				
Total revenues	31,278	29,690	31,032	27,745
Royalty expense	(9,369)	(9,544)	(9,472)	(8,881)
Distribution expense	(3,077)	(3,135)	(3,111)	(2,919)
Operating expenses excluding Royalty and Distribution expense	(14,239)	(13,881)	(19,108)	(13,811)
Earnings (loss) before interest and fair value gain (loss)	4,593	3,130	(659)	2,134
Net interest income	1,691	969	954	651
Fair value gain (loss)	212	(4,719)	(817)	(1,180)
Earnings (loss) before income taxes	6,496	(620)	(522)	1,605
Current and deferred income tax (expense) recovery	(1,695)	(1,720)	98	(942)
Net and comprehensive income (loss)	4,801	(2,340)	(424)	663
Basic and diluted income (loss) per share	48.95	(23.86)	(4.32)	6.76

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

This MD&A covers the three-month period from October 1, 2025 to December 31, 2025 (the “**Period**”) and the twelve-month period from January 1, 2025 to December 31, 2025 (the “**Year**”) and is dated February 12, 2026. It provides additional analysis of the operations, financial position and financial performance of BPI and should be read in conjunction with BPI’s applicable audited annual consolidated financial statements and the accompanying notes. The audited annual consolidated financial statements of BPI are in Canadian dollars and have been prepared in accordance with IFRS except as otherwise noted.

General

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

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

Royalty

BP Canada LP charges a 7.0% royalty fee on Franchise Sales for full-service Boston Pizza restaurants open in Canada (the “**Boston Pizza Restaurants**”). BPI pays Boston Pizza Royalties Limited Partnership (“**Royalties LP**”), an entity controlled by the Fund, a 4.0% royalty fee (the “**Royalty**”) on Franchise Sales from the Boston Pizza Restaurants in the royalty pool (the “**Royalty Pool**”) for the use of the Boston Pizza trademarks in Canada (the “**BP Rights**”⁵). As of December 31, 2025, there were 372 Boston Pizza Restaurants in the Royalty Pool, of which approximately 370 were operating and open for business to the public.⁶

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

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

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

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

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

Distributions from BP Canada LP

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

Addition of New Restaurants to Royalty Pool

On January 1 of each year (each, an "**Adjustment Date**"), an adjustment is made to add to the Royalty Pool new Boston Pizza Restaurants that opened ("**New Restaurants**") and to remove any Boston Pizza Restaurants that permanently closed since January 1 of the previous year ("**Closed Restaurants**"). In return for adding new Royalty and Distributions from the New Restaurants and after subtracting the Royalty and Distributions that are lost from the Closed Restaurants⁷ (such difference, "**Net Royalty and Distributions**"), BPI receives the right to indirectly acquire additional Units (in respect of the Royalty, "**Class B Additional Entitlements**" and in respect of Distributions, "**Class 2 Additional Entitlements**", and collectively, "**Additional Entitlements**"). The calculation of Additional Entitlements is designed to be accretive to holders of Units ("**Unitholders**") as the expected increase in Franchise Sales from the New Restaurants added to the Royalty Pool less the decrease in Franchise Sales from the Closed Restaurants is valued at a 7.5% discount. The Additional Entitlements are calculated at 92.5% of the estimated Royalty and Distributions expected to be generated by the New Restaurants less the actual Royalty and Distributions lost from the Closed Restaurants, multiplied by one minus the effective tax rate estimated to be paid by the Fund, divided by the yield of the Fund, divided by the weighted average Unit price over a specified period. BPI receives 80% of the Additional Entitlements initially, with the balance received when the actual full year performance of the New Restaurants and the actual effective tax rate paid by the Fund are known with certainty (such balance of Units in respect of the increased Royalty, the "**Class B Holdback**", and in respect of the increased Distributions, the "**Class 2 Holdback**", and collectively, the "**Holdback**"). BPI receives 100% of the distributions on the Additional Entitlements throughout the year. After the New Restaurants have been part of the Royalty Pool for a full year, an audit of the Franchise Sales of these restaurants is performed and the actual effective tax rate paid by the Fund is determined. At such time, an adjustment is made to reconcile distributions paid to BPI and the Additional Entitlements received by BPI.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
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amount by which Royalty and Distributions from New Restaurants exceeds actual Royalty and Distributions lost from Closed Restaurants).

Business Strategy

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

- **Building the brand;**
- **Continually improving the guest experience;**
- **A commitment to franchisee profitability; and**
- **Ongoing engagement in local communities.**

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

Economic Uncertainties

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

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

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Despite these obstacles, Boston Pizza Restaurants have consistently generated strong Franchise Sales by providing guests with quality, value and convenience, both on-premises and off-premises. BPI, BP Canada LP and Boston Pizza Restaurants have a proven track record of adapting to evolving economic conditions and overcoming operational challenges.

For additional information regarding economic uncertainties and the strategies and tactics used by Boston Pizza to mitigate their effects, refer to the "Risks & Risk Management" section of this MD&A.

New Restaurant Openings, Closures and Renovations

During the Period, there were no New Restaurants (Year – nil) and no Closed Restaurants (Year – nil). As well, nine Boston Pizza Restaurants were renovated during the Period (Year – 40).

OPERATING RESULTS

Same Restaurant Sales

Period

SRS was 3.7% for the Period compared to 3.4% reported in the fourth quarter of 2024. SRS for the Period was principally due to continued momentum in take-out and delivery and effective promotional initiatives. Baseball playoffs also positively impacted SRS for the Period.

Year

SRS was 4.7% for the Year compared to 0.9% reported in 2024. SRS was principally due to continued momentum in take-out and delivery, effective promotional initiatives and favourable comparisons to a softer performance in the prior year. Hockey and baseball playoffs also positively impacted SRS for the Year.

Revenues

Period

BPI's total revenue was \$33.5 million for the Period compared to \$31.3 million for the fourth quarter of 2024. BPI's revenue was principally derived from royalty revenue and Advertising Fund contributions received by BP Canada LP from franchised Boston Pizza Restaurants, supplier contributions and franchise renewal and transfer fees. The \$2.2 million increase in revenue for the Period was primarily due to higher royalty revenues and Advertising Fund contributions, revenues associated with BPI's leadership conference held during the Period and higher supplier contributions.

Year

BPI's total revenue was \$126.7 million for the Year compared to \$119.7 million in 2024. The \$7.0 million increase in revenue for the Year was primarily due to higher royalty revenues, supplier contributions and Advertising Fund contributions.

Royalty Expense and Distribution Expense

Period

BPI's Royalty expense to Royalties LP (being 4.0% of Franchise Sales from Boston Pizza Restaurants in the Royalty Pool) was \$9.8 million and Distribution expense (being 1.5% of Franchise Sales from Boston Pizza Restaurants in the Royalty Pool, less BPI's retained interest) was \$3.2 million for the Period, compared to \$9.4 million and \$3.1 million, respectively, for the fourth quarter of 2024. The \$0.4 million increase in Royalty expense and the \$0.1 million increase in Distribution expense for the Period were primarily due to positive SRS.

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

BPI's Royalty expense to Royalties LP was \$39.1 million and Distribution expense was \$12.8 million for the Year, compared to \$37.3 million and \$12.2 million, respectively, in 2024. The \$1.8 million increase in Royalty expense and the \$0.6 million increase in Distribution expense for the Year were primarily due to positive SRS.

Operating Expenses Excluding Royalty Expense and Distribution Expense

Period

BPI's operating expenses, excluding Royalty expense and Distribution expense, were \$16.7 million for the Period, which included Advertising Fund expenses of \$7.2 million, compensation expense of \$5.6 million, other expenses associated with services provided to franchised Boston Pizza Restaurants of \$2.4 million, depreciation and amortization of \$1.1 million, operational costs of a corporately owned restaurant of \$0.5 million and management fees for services rendered by a company under common control of \$0.5 million. These expenses were partially offset by the amortization of deferred gain on the sale of BP Rights to Royalties LP of \$0.7 million. In the fourth quarter of 2024, BPI's operating expenses, excluding Royalty expense and Distribution expense, were \$14.2 million, which included Advertising Fund expenses of \$6.1 million, compensation expense of \$5.7 million, other expenses associated with services provided to franchised Boston Pizza Restaurants of \$1.2 million, depreciation and amortization of \$0.9 million, operational costs of a corporately owned restaurant of \$0.6 million and management fees for services rendered by a company under common control of \$0.5 million. These expenses were partially offset by the amortization of deferred gain on the sale of BP Rights to Royalties LP of \$0.7 million.

The increase in operating expenses, excluding Royalty expense and Distribution expense, of \$2.5 million for the Period was primarily due to an increase in costs associated with BPI's leadership conference held in the Period that were not incurred in the same period one year ago, an increase in Advertising Fund expenses due to increased advertising activity and an increase in depreciation and amortization.

The deferred gain on the sale of BP Rights to Royalties LP is amortized over 99 years, beginning in 2002 for the term of the license and royalty agreement dated July 17, 2002, as amended on May 9, 2005 between Royalties LP and BPI (the "**License and Royalty Agreement**"). The net deferred gain as at December 31, 2025 was \$213.5 million compared to \$216.4 million as at December 31, 2024.

Year

BPI's operating expenses, excluding Royalty expense and Distribution expense, were \$64.2 million for the Year, which included Advertising Fund expenses of \$31.2 million, compensation expense of \$22.0 million, other expenses associated with services provided to franchised Boston Pizza Restaurants of \$6.7 million, depreciation and amortization of \$3.0 million, operational costs of a corporately owned restaurant of \$2.2 million and management fees for services rendered by a company under common control of \$2.0 million. These expenses were partially offset by the amortization of deferred gain on the sale of BP Rights to Royalties LP of \$2.8 million. In 2024, BPI's operating expenses, excluding Royalty expense and Distribution expense, were \$61.0 million, which included Advertising Fund expenses of \$27.9 million, compensation expense of \$21.1 million, other expenses associated with services provided to franchised Boston Pizza Restaurants of \$7.9 million, depreciation and amortization of \$2.7 million, operational costs of a corporately owned restaurant of \$2.2 million and management fees for services rendered by a company under common control of \$2.0 million. These expenses were partially offset by the amortization of deferred gain on the sale of BP Rights to Royalties LP of \$2.8 million.

The increase in operating expenses, excluding Royalty expense and Distribution expense, of \$3.2 million for the Year was primarily due to an increase in Advertising Fund expense due to increased advertising activity and an increase in compensation expense, partially offset by lower costs associated with BPI's leadership conference costs held in 2025 compared to costs associated with BPI's franchisee conference held in 2024.

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Earnings before Interest and Fair Value (Loss) Gain

Period

BPI's earnings before interest and fair value (loss) gain was \$3.9 million for the Period compared to \$4.6 million for the fourth quarter of 2024. The \$0.7 million decrease in earnings before interest and fair value (loss) gain for the Period was principally due to increases in operating expenses and Royalty and Distribution expenses, partially offset by an increase in revenues.

Year

BPI's earnings before interest and fair value (loss) gain was \$10.6 million for the Year compared to \$9.2 million in 2024. The \$1.4 million increase in earnings before interest and fair value (loss) gain for the Year was principally due to an increase in revenues, partially offset by increases in operating expenses and Royalty and Distribution expenses.

Net Interest Income

Period

BPI's net interest income during the Period was \$1.9 million, comprised of \$1.9 million of interest income received by BPI on its Class B general partner units of Royalties LP ("**Class B Units**") and \$0.1 million of interest income on cash and cash equivalents, partially offset by \$0.1 million of interest expense on debt and financing costs and a nominal amount of interest expense on lease obligations. BPI's net interest income for the fourth quarter of 2024 was \$1.7 million, comprised of \$1.7 million of interest income received by BPI on its Class B Units and \$0.2 million of interest income on cash and cash equivalents, partially offset by \$0.2 million of interest expense on debt and financing costs and a nominal amount of interest expense on lease obligations. The \$0.2 million increase in net interest income for the Period was due to an increase in interest income on Class B Units attributable to the Fund's distributions being higher compared to its distributions in 2024.

Year

BPI's net interest income for the Year was \$4.7 million, comprised of \$4.8 million of interest income received by BPI on its Class B Units and \$0.5 million of interest income on cash and cash equivalents, partially offset by \$0.4 million of interest expense on debt and financing costs and \$0.1 million of interest expense on lease obligations. In 2024, BPI's net interest income was \$4.3 million, comprised of \$4.5 million of interest income received by BPI on its Class B Units and \$0.6 million of interest income on cash and cash equivalents, partially offset by \$0.7 million of interest expense on debt and financing costs and \$0.1 million of interest expense on lease obligations. The \$0.4 million increase in net interest income for the Year was due to a decrease in interest expense on debt and financing costs due to lower debt carried and an increase in interest income on Class B Units attributable to the Fund's distributions being higher compared to its distributions in 2024, partially offset by a decrease in interest income on cash and cash equivalents due to lower interest rates.

Fair Value (Loss) Gain

Period

During the Period, BPI recognized a fair value loss of \$5.0 million compared to a \$0.2 million gain for the fourth quarter of 2024. The change in fair value was principally due to the change in the price of Units into which the Class B Units are exchangeable and upon which the Class 2 LP Units liability is measured.

BPI estimates the fair value of the Class B Units by multiplying the number of Units that BPI would be entitled to receive if it exchanged all of the Class B Units (including the Class B Holdback) held by BPI at the end of the Period by the closing price of a Unit on the last business day of the Period. On December 31, 2025, the Fund's closing price was \$22.60 per Unit (September 30, 2025 – \$20.96 per Unit) and the number of Units BPI would be entitled to receive if it exchanged all of the Class B Units (including the Class B Holdback) held by BPI was

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2,430,823 (September 30, 2025 – 2,430,823). Consequently, the Class B Units were valued at \$54.9 million (September 30, 2025 – \$51.0 million), resulting in a fair value gain of \$3.9 million. In general, the value of the Class B Units will increase as the market price of Units increases and vice versa. In addition, the value of the Class B Units increases as the number of Units BPI would be entitled to receive if it exchanged all of the Class B Units (including the Class B Holdback) increases and vice versa.

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

BPI estimates the fair value of the Class 2 LP Units liability by multiplying the number of Class 2 LP Units indirectly held by the Fund at the end of the Period by the closing price of a Unit on the last business day of the Period. As at December 31, 2025, the Fund indirectly held 5,455,762 Class 2 LP Units (September 30, 2025 – 5,455,762) and the Fund's closing price on December 31, 2025 was \$22.60 per Unit (September 30, 2025 – \$20.96 per Unit). Consequently, BPI estimated the fair value of the Class 2 LP Units liability as at December 31, 2025 to be \$123.3 million (September 30, 2025 – \$114.4 million), resulting in a fair value loss of \$8.9 million for the Period. In general, the fair value of the Class 2 LP Units liability will increase as the market price of Units increases and vice versa.

Year

During the Year, BPI recognized a fair value loss of \$15.5 million compared to \$6.5 million in 2024. The change in fair value was principally due to the change in the price of Units into which the Class B Units are exchangeable and upon which the Class 2 LP Units liability is measured.

As at December 31, 2024, the Fund's closing price was \$17.48 per Unit and the number of Units BPI would be entitled to receive if it exchanged all of the Class B Units (including the Class B Holdback) held by BPI was 2,430,823. The Class B Units were calculated to be valued at \$42.5 million as at December 31, 2024. As discussed above, the Class B Units at the end of the Period were valued at \$54.9 million, resulting in a fair value gain of \$12.4 million.

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

As at December 31, 2024, the Fund indirectly held 5,455,762 Class 2 LP Units and the Fund's closing price was \$17.48 per Unit. Consequently, BPI estimated the fair value of the Class 2 LP Units liability as at December 31, 2024 to be \$95.4 million. As discussed above, BPI estimated the fair value of the Class 2 LP Units liability as at December 31, 2025 to be \$123.3 million, resulting in a fair value loss of \$27.9 million for the Year.

Earnings before Income Taxes

Period

Given the combined effects of the above-noted factors, BPI had earnings before income taxes of \$0.8 million for the Period compared to \$6.5 million for the fourth quarter of 2024. The \$5.7 million decrease in the earnings before income taxes was primarily due to an increase in fair value loss and a decrease in earnings before interest and fair value gain (loss), partially offset by an increase in net interest income.

Year

Given the combined effects of the above-noted factors, BPI had a loss of \$0.2 million before income taxes for the Year compared to earnings of \$7.0 million in 2024. The \$7.2 million increase in loss before income taxes was

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primarily due to an increase in fair value loss, partially offset by increases in earnings before interest and fair value loss and in net interest income.

Income Tax Expense

Period

BPI recognized a \$0.6 million current income tax expense for the Period compared to \$1.0 million for the fourth quarter of 2024. The \$0.4 million decrease in current income tax expense for the Period is mainly due to the decrease in earnings before interest and fair value gain (loss) for the Period.

BPI recognized a \$1.9 million deferred income tax expense for the Period compared to \$0.7 million for the fourth quarter of 2024. The \$1.2 million increase in deferred income tax expense is primarily due to the change in the fair value on the Class B Units and the timing of temporary differences.

Year

BPI recognized a \$3.5 million current income tax expense for the Year compared to \$2.9 million in 2024. The \$0.6 million increase in current income tax expense for the Year is mainly due to higher earnings before interest and fair value loss.

BPI recognized a \$3.8 million deferred income tax expense for the Year compared to \$1.4 million in 2024. The \$2.4 million increase in deferred income tax expense is primarily due to the change in the fair value on the Class B Units and the timing of temporary differences.

Net and Comprehensive Income

Period

BPI's net and comprehensive loss for the Period was \$1.8 million compared to a net and comprehensive income of \$4.8 million for the fourth quarter of 2024. The \$6.6 million increase in net and comprehensive loss is primarily due to a decrease in earnings before income taxes and an increase in income tax expense.

Year

BPI's net and comprehensive loss for the Year was \$7.5 million compared to net and comprehensive income of \$2.7 million in 2024. The \$10.2 million increase in net and comprehensive loss is primarily due to an increase in loss before income taxes and an increase in income tax expense.

New Restaurants Added to the Royalty Pool

Boston Pizza Restaurants Added to Royalty Pool on January 1, 2025

On January 1, 2025, the Royalty Pool was adjusted to add four New Restaurants that opened and remove four Closed Restaurants that closed between January 1, 2024 and December 31, 2024, resulting in the number of Boston Pizza Restaurants in the Royalty Pool remaining at 372. The estimated annual Franchise Sales in 2025 for the four New Restaurants that opened in 2024 was \$3.4 million. The actual Franchise Sales received from the four Closed Restaurants in 2024 during the first 12-month period immediately following their addition to the Royalty Pool was \$7.4 million. The resulting estimated annual net Franchise Sales for 2024 was negative \$4.0 million. Consequently, this resulted in the Net Royalty and Distributions having a Deficiency for 2024 of \$0.2 million (being 5.5% of negative \$4.0 million Franchise Sales). Since there was a Deficiency for 2024 of \$0.2 million, BPI did not receive any Additional Entitlements on January 1, 2025. However, BPI did not lose any of the Additional Entitlements it received in respect of previous years. An adjustment was made to the Deficiency for 2024 in early 2026 based on the full year performance of the four New Restaurants that opened in 2024 (see "Subsequent Events" below for details).

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Audit of Boston Pizza Restaurants Added to Royalty Pool on January 1, 2024

In February 2025, an audit of the Franchise Sales of the one New Restaurant that was added to the Royalty Pool on January 1, 2024 was performed. The purpose of this audit was to compare the actual Franchise Sales from the one New Restaurant to the estimated amount of Franchise Sales expected to be generated by the one New Restaurant during 2024. The original Franchise Sales expected to be generated from the one New Restaurant less the Franchise Sales from the six Boston Pizza Restaurants that closed in 2024 was negative \$7.5 million. Consequently, this resulted in the Net Royalty and Distributions having a Deficiency for 2023 of \$0.4 million (being 5.5% of negative \$7.5 million Franchise Sales). The February 2025 audit determined that the actual Franchise Sales generated from the one New Restaurant after subtracting the Franchise Sales from the six Boston Pizza Restaurants that closed in 2024 was \$0.4 million less. As a result, the Deficiency in respect of 2023 was increased slightly. Since there was still a Deficiency, there was no need to determine and adjust for the actual effective tax rate paid by the Fund for 2024.

Subsequent Events

No Changes Made to Royalty Pool on January 1, 2026

No adjustments were made to the Royalty Pool on January 1, 2026 as there were no New Restaurants that opened and no Closed Restaurants that 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 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 Net Royalty and Distributions in an amount equal to the cumulative Deficiency before receiving any further Additional Entitlements.

Audit of Boston Pizza Restaurants Added to Royalty Pool on January 1, 2025

In February 2026, an audit of the Franchise Sales of the four New Restaurants that were added to the Royalty Pool on January 1, 2025 was performed to compare the actual Franchise Sales from the four New Restaurants to the estimated amount of Franchise Sales expected to be generated by them during 2024. As noted above, 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 \$1.8 million more than expected. As a result, the Deficiency in respect of 2024 was reduced from \$0.2 million to \$0.1 million. Since there was still a Deficiency, there was no need to determine and adjust for the actual effective tax rate paid by the Fund for 2025.

Summary of Cumulative Deficiency

The following is a summary of the cumulative Deficiency that exists:

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Adjustment Date	Actual / estimated Franchise Sales of New Restaurants for Adjustment Date (in millions)*	Actual Franchise Sales of Closed Restaurants for Adjustment Date (in millions)*	Net Franchise Sales for Adjustment Date (in millions)*	Deficiency, being 5.5% of net Franchise Sales (in millions)*
January 1, 2021	\$3.1 [†]	\$18.5	(\$15.4)	(\$0.8)
January 1, 2022	--	\$6.2	(\$6.2)	(\$0.3)
January 1, 2023	--	\$6.8	(\$6.8)	(\$0.4)
January 1, 2024	\$1.4 ^{††}	\$9.2	(\$7.9)	(\$0.4)
January 1, 2025	\$5.2 ^{†††}	\$7.4	(\$2.1)	(\$0.1)
January 1, 2026	--	--	--	--
Cumulative	\$9.7	\$48.1	(\$38.4)	(\$2.1)

* Figures are rounded to one decimal place. [†] Determined and adjusted in February 2022 after an audit of Franchise Sales for 2021 was performed on the New Restaurants. ^{††} Determined and adjusted in February 2025 after an audit of Franchise Sales for 2024 was performed on the one New Restaurant for 2023. ^{†††} Determined and adjusted in February 2026 after an audit of Franchise Sales for 2025 was performed on the four New Restaurants for 2024.

Voluntary Dissolution of Two Subsidiaries

In 2023, BPI sold two corporately-owned Boston Pizza Restaurants that were previously operated by BPI’s wholly-owned subsidiaries, Stadium District Pizza Ltd. (“**Stadium**”) and Front & John Pizza Ltd. (“**F&J**”). Stadium and F&J previously guaranteed the obligations of BPI to BPI’s Bank (as defined below) and guaranteed the obligations of BPI and BP Canada LP to Royalties LP. Each of Stadium and F&J previously granted security over all of their assets in support of those guarantees. In September 2025 and with the consent of BPI’s lenders and Royalties LP, BPI voluntarily dissolved each of Stadium and F&J into BPI, as neither of Stadium nor F&J had any active business operations. In conjunction with their voluntary dissolution, all remaining assets of Stadium and F&J were transferred to BPI and BPI assumed all liabilities of Stadium and F&J.

Units Outstanding

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

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Summary of Boston Pizza Royalties Income Units

	Dec. 31, 2025 Excluding Holdback	Dec. 31, 2025 Including Holdback	Feb. 12, 2026 Excluding Holdback	Feb. 12, 2026 Including Holdback
<u>Units Outstanding</u>				
Total Issued and Outstanding Units	21,278,563	21,278,563	21,278,563	21,278,563
<u>Class B Additional Entitlements Outstanding</u>				
Class B Additional Entitlements (Excluding Jan. 1, 2026 Adjustment Date)	2,430,823	2,430,823	2,430,823	2,430,823
Class B Holdback (Excluding Jan. 1, 2026 Adjustment Date)	N/A	--	N/A	N/A ⁽¹⁾
Class B Additional Entitlements – Issued Jan. 1, 2026	N/A	N/A	--	--
Class B Holdback – Created Jan. 1, 2026	N/A	N/A	N/A	-- ⁽²⁾
Total Class B Additional Entitlements	2,430,823	2,430,823	2,430,823	2,430,823
<u>Class 2 Additional Entitlements Outstanding</u>				
Class 2 Additional Entitlements (Excluding Jan. 1, 2026 Adjustment Date)	831,354	831,354	831,354	831,354
Class 2 Holdback (Excluding Jan. 1, 2026 Adjustment Date)	N/A	--	N/A	N/A ⁽¹⁾
Class 2 Additional Entitlements – Issued Jan. 1, 2026	N/A	N/A	--	--
Class 2 Holdback – Created Jan. 1, 2026	N/A	N/A	N/A	-- ⁽²⁾
Total Class 2 Additional Entitlements	831,354	831,354	831,354	831,354
<u>Summary</u>				
Total Issued and Outstanding Units	21,278,563	21,278,563	21,278,563	21,278,563
Total Additional Entitlements	3,262,177	3,262,177	3,262,177	3,262,177
Total Diluted Units	24,540,740	24,540,740	24,540,740	24,540,740
BPI's Total Percentage Ownership	13.3%	13.3%	13.3%	13.3%

- (1) There is no Holdback for the adjustment to the Royalty Pool that occurred on January 1, 2025 since BPI did not receive any Additional Entitlements in respect thereof due to a Deficiency existing.
- (2) There is no Holdback for the Adjustment Date of January 1, 2026 since no adjustment was made to the Royalty Pool on such date.

BPI directly and indirectly holds 100% of the special voting units (the “**Special Voting Units**”) of the Fund, which entitle BPI to one vote in respect of matters to be voted upon by Unitholders for each Unit that BPI would be entitled to receive if it exchanged all of its Class B Units and Class 2 GP Units for Units. As of February 12, 2026, BPI was entitled to 3,262,177 votes, representing 13.3% of the aggregate votes held by holders of Units and Special Voting Units. The number of Units that BPI is entitled to receive upon the exchange of its Class B Units and Class 2 GP Units and the number of votes that BPI is entitled to in respect of its Special Voting Units is adjusted periodically to reflect any additional Boston Pizza Restaurants that were added to the Royalty Pool.

LIQUIDITY & CAPITAL RESOURCES

BPI is an entirely franchised business except for one corporate Boston Pizza Restaurant that it owned as at December 31, 2025. For 2026, BPI has forecasted capital requirements of approximately \$3.6 million, which consist mainly of the development of software applications and digital platforms and computer equipment. BPI believes it has sufficient cash and capital resources to cover forecasted expenditures, capital requirements, commitments and repayments for 2026. BPI constantly monitors its operations and cash flows to ensure that current and future obligations will be met. BPI believes its current sources of liquidity are sufficient to cover its currently known short

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and long-term obligations. In addition, BPI has the ability to manage its working capital with the Operating Line (as defined below).

Indebtedness

Credit Facilities

BPI has credit facilities with a Canadian chartered bank (the "**Bank**") in the amount of up to \$13.4 million that mature on July 1, 2026 (the "**Credit Facilities**"). The Credit Facilities are comprised of: (i) a \$10.0 million committed revolving facility to cover BPI's day-to-day operating requirements if needed (the "**Operating Line**"); and (ii) a \$3.4 million committed non-revolving term facility that was used to finance the reorganization of BPI and its shareholders that completed on September 30, 2017 (the "**Term Loan**"). The Credit Facilities bear interest at variable interest rates as selected by BPI. In the case of Canadian prime rate loans, the interest rate is equal to the Bank's prime rate plus between 0.00% and 0.90% (depending on BPI's Total Funded Net Debt to EBITDA ratio) and, in the case of Canadian Overnight Repo Rate Average ("**CORRA**") loans, the interest rate is equal to: (i) CORRA; plus (ii) a credit spread adjustment of either 0.29547% or 0.32138% depending upon whether the CORRA loan has a one-month or three-month interest period, respectively; plus (iii) between 1.25% and 2.10% (depending on BPI's Total Funded Net Debt to EBITDA ratio), and interest is payable monthly in arrears. The Term Loan and the principal amount drawn on the Operating Line are due and payable upon maturity. The principal amount drawn on the Term Loan must be reduced by quarterly payments of \$0.4 million each.

Security and Covenants

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

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

In addition to the required quarterly payments of \$0.4 million on the Term Loan, BPI made voluntary payments totaling \$5.0 million to the Term Loan during the year ended December 31, 2025. As of December 31, 2025, no amount was drawn on the Operating Line and \$3.4 million was drawn on the Term Loan. BPI plans to refinance the Credit Facilities in 2026 before their maturity and before they become due.

Contractual Obligations and Commercial Commitments

A summary of the estimated amount and estimated timing of cash flows related to BPI's contractual obligations and

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commercial commitments as at December 31, 2025 is as follows:

(in thousands of dollars)	Within 1 year	2 - 3 years	4 - 5 years	Over 5 years	Total	Book Value
Accounts payable and accrued liabilities	9,575	-	-	-	9,575	9,575
Income taxes payable	73	-	-	-	73	73
Royalty and distributions payable to the Fund	4,499	-	-	-	4,499	4,499
Debt ¹	3,460	-	-	-	3,460	3,400
Other long-term liabilities	-	1,893	-	-	1,893	1,893
Lease obligations ²	627	1,112	1,024	1,840	4,603	3,824
	18,234	3,005	1,024	1,840	24,103	23,264

Note:

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

Cash Flows

Cash Flow from Operating Activities

Period

During the Period, operating activities generated \$3.0 million of cash compared to \$2.4 million during the fourth quarter of 2024. The \$0.6 million increase in cash generated was primarily due to an increase in changes in working capital, partially offset by a decrease in net income after adjustments for non-cash items and an increase in net income tax paid.

Year

During the Year, operating activities generated \$7.0 million of cash compared to \$5.6 million in 2024. The \$1.4 million increase in cash generated was primarily due to an increase in net income after adjustments for non-cash items and an increase in changes in working capital, partially offset by an increase in net income tax paid.

Cash Flow from Financing Activities

Period

During the Period, financing activities used \$3.1 million of cash compared to \$0.6 million during the fourth quarter of 2024. The \$2.5 million increase in cash used was primarily due to a voluntary payment of debt of \$2.5 million during the Period.

Year

During the Year, financing activities used \$12.6 million of cash compared to \$2.0 million in 2024. The \$10.6 million increase in cash used was primarily due to the payment of a return of capital of \$5.0 million on the issued and outstanding common shares held by BPI's sole shareholder, James Treliving Holdings Ltd., voluntary payments of debt totaling \$5.0 million and an increase in net lease obligation payments due to the receipt of a tenant inducement in 2024. These were partially offset by a decrease in interest paid on debt due to lower debt carried and lower interest rates.

Cash Flow from Investing Activities

Period

During the Period, investing activities generated \$0.6 million of cash compared to \$0.7 million during the fourth quarter of 2024. Cash generated from investing activities typically represents distributions received by BPI on the Class B Units. Cash used from investing activities typically represents purchases of property and equipment as

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well as intangible assets. The \$0.1 million decrease in cash generated was due to higher purchases of intangible assets and property and equipment, partially offset by an increase in distributions received on Class B Units.

Year

During the Year, investing activities generated \$2.6 million of cash compared to \$2.9 million in 2024. The \$0.3 million decrease in cash generated was due to higher purchases of intangible assets, partially offset by an increase in distributions received on Class B Units.

Related Party Transactions

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

(in thousands of dollars)	December 31, 2025	December 31, 2024
Accounts receivables due from associated companies	\$ 151	\$ 113
Receivable from Royalties LP	377	357
Accounts payable due to associated companies	233	440
Royalty payable to Royalties LP	3,424	3,378
Distributions payable to Holdings LP	1,075	1,057

(in thousands of dollars)	Q4 2025	Q4 2024	YTD 2025	YTD 2024
Fees charged to the Fund in respect of administrative services ⁽¹⁾	\$ 114	\$ 111	\$ 455	\$ 444
Royalty expense to the Fund	9,775	9,369	39,050	37,266
Distribution expense to the Fund	3,220	3,077	12,837	12,242
Management fees paid for services rendered to company				
under common control	500	500	2,000	2,000
Interest income from Royalties LP	1,874	1,681	4,773	4,506

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

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

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

Estimate – Investment in Royalties LP

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

Estimate – Accounts Receivable

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

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

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

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

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

(i) Class B Units

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

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the Class B Units (including Class B Holdback) held by BPI at the end of the period by the closing price of the Units on the last business day of the period.

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

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

The Class 1 LP Units liability and Class 2 LP Units liability are classified as financial liabilities measured at fair value through profit or loss because the entitlements to distributions are considered embedded derivatives to the limited partnership units. BPI measures the Class 1 LP Units liability and Class 2 LP Units liability at fair value using Level 2 inputs, which may result in a fair value adjustment on the BP Canada LP units liability line on the statements of financial position, the fair value loss (gain) line on the statements of comprehensive income and a corresponding non-cash adjustment line on the statements of cash flows.

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

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

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

Judgment – Consolidation

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

CHANGES IN ACCOUNTING POLICIES

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.

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The amendments are effective for annual periods beginning on or after January 1, 2026 with earlier adoption permitted. BPI has assessed these amendments and concluded that they have 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, 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.

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

SHORT-TERM OUTLOOK

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

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

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

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

Despite these obstacles, Boston Pizza Restaurants have consistently generated strong Franchise Sales by providing guests with quality, value and convenience, both on-premises and off-premises. BPI, BP Canada LP and Boston Pizza Restaurants have a proven track record of adapting to evolving economic conditions and overcoming operational challenges. Building on this foundation, BPI's management remains proactive and agile, implementing strategies to drive sales, optimize supply chains and deepen guest loyalty, while protecting profitability of Boston Pizza Restaurants. These strengths, together with the brand's broad national footprint and trusted position among Canadian consumers, provide a solid platform for sustained growth and continued positive sales momentum throughout 2026.

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RISKS & RISK MANAGEMENT

I. Overview and Governance of Risk

A. General

BPI's board of directors and senior management are responsible for overseeing all risks and opportunities affecting BPI, BP Canada LP and Boston Pizza Restaurants. To assist them in fulfilling this responsibility, BPI has adopted an Enterprise Risk Management Policy that establishes a formal framework for managing risks affecting BPI, BP Canada LP and Boston Pizza Restaurants. In accordance with this policy, BPI's senior management has implemented a formal enterprise risk management process that enables it to appropriately identify, monitor and manage risks across all business units, while adhering to risk tolerance levels set by BPI's board of directors and senior management. The Fund has contractual rights to receive reports, and to inspect and monitor BPI's oversight of these key underlying business risks as part of oversight responsibilities for the protection of the Fund's sources of revenue. BPI's senior management regularly updates and collaborates with the trustees of the Fund (the "**Trustees**") on key enterprise risk management matters relevant to BPI, BP Canada LP and Boston Pizza Restaurants that could also impact the Fund.

B. Sustainability-Related Risks and Opportunities

BPI's board of directors and senior management hold primary responsibility for overseeing sustainability-related risks and opportunities affecting BPI, BP Canada LP and Boston Pizza Restaurants. The governance and management of sustainability related risks and opportunities is incorporated into BPI's enterprise risk management framework and policies. BPI's senior management continues to advance its risk management and reporting practices, to ensure climate and sustainability related risks are effectively identified, assessed and managed within the overall risk appetite framework set by BPI's board of directors and senior management. BPI's senior management maintains regular communication and collaborates with the Trustees to ensure alignment, transparency and effective oversight.

While Canadian sustainability reporting standards continue to evolve, there is an expectation that at some point in the future Canada will adopt mandatory reporting requirements for public companies. BPI and BP Canada LP continue to monitor developments and plan accordingly.

II. Risks Related to the Restaurant Industry and Business of BPI and BP Canada LP

The following section outlines material risks associated with the restaurant industry and business of BPI and BP Canada LP, together with the potential impact of those risks on Unitholders, the Fund, BPI, BP Canada LP and Boston Pizza Restaurants. Mitigation strategies and tactics employed to manage these risks have also been outlined. Readers are cautioned that there can be no assurance that any of the mitigation strategies and tactics described below will be successful in fully preventing, mitigating or managing the risks.

A. Strategic Risks

1. Climate Change

Inherent Risk:

Climate change presents significant challenges for the restaurant industry, exposing it to weather-related risks that affect operations, supply chains and guest behavior, while also raising critical environmental, social and governance concerns. Extreme weather events, such as hurricanes, wildfires, heatwaves, snowstorms and floods, can severely disrupt operations of Boston Pizza Restaurants. These disruptions may include physical damage to properties, disruptions in supply chains, reduced sales from outdoor patios and temporary restaurant closures. Extreme weather events may also alter guest behavior and negatively impact guest traffic. In addition, Boston Pizza Restaurants rely heavily on domestic and international agricultural products. Unpredictable weather patterns can result in crop failures, negatively affecting both the availability and cost of food ingredients, which are essential to operations and restaurant profitability.

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Potential Impact:

Climate change-related risk factors may: (i) limit the ability of Boston Pizza Restaurants to generate Franchise Sales, thereby decreasing the resulting Royalty, Distributions and cash available for distribution to Unitholders; and/or (ii) decrease the profitability of Boston Pizza Restaurants, thereby increasing the risk of restaurant closures.

Mitigation:

BP Canada LP requires all franchisees of Boston Pizza Restaurants (subject to certain limited exceptions) to participate in a comprehensive group property and casualty insurance program. This program generally provides coverage for physical damage caused to Boston Pizza Restaurants by most extreme weather events, together with business interruption coverage for any resulting loss of Franchise Sales or other revenue. Under the franchise agreements between BP Canada LP and Boston Pizza Restaurants, the proceeds of business interruption insurance are included in Franchise Sales in a manner designed to compensate BP Canada LP, by way of royalty and Advertising Fund contributions, as though the business interruption did not occur. Similarly, BPI and BP Canada LP are required to pay Royalty and Distributions to the Fund on such amounts. BPI's internal audit team regularly reviews this insurance program to help assess its performance and adequacy. This insurance program helps to minimize the impact of extreme weather events on the amount of Royalty and Distributions received by the Fund, and the corresponding amount of cash available for distribution to Unitholders. However, there can be no assurance that insurance coverage will exist for any particular incident or that the coverage will be adequate.

Boston Pizza Restaurants are geographically dispersed across Canada which reduces the risk of a single extreme weather event causing widespread operational disruptions. Similarly, BPI's two corporate offices are in Richmond, British Columbia and Mississauga, Ontario, thereby reducing the risk that an extreme weather event will fully disrupt BPI's operations. In addition, most of BPI's critical technology systems are cloud-based, which allows for continued operations even if one or both corporate offices are affected by extreme weather events. Furthermore, BPI and BP Canada LP have a network of industry-leading suppliers who are well-positioned to rapidly respond to logistical challenges posed by extreme weather events. While measures are in place to mitigate the impact of climate-related risks, there can be no assurances that extreme weather events will not concurrently disrupt the operations of a significant proportion of Boston Pizza Restaurants, BPI or the Boston Pizza supply chain.

2. Competition within the Restaurant Industry / Changes in Guest Behaviour / Sales Tactics may not be Successful

Inherent Risk:

The performance of the Fund is directly dependent upon Royalty received from BPI and Distributions received from BP Canada LP. The amount of Royalty and Distributions received by Royalties LP and Holdings LP from BPI and BP Canada LP, respectively, is dependent on various factors that may affect the casual dining sector of the Canadian restaurant industry. The Canadian restaurant industry, especially the full-service casual dining sector, is intensely competitive with respect to price, service, location and food quality. Competitors include national and regional chains, as well as independently owned restaurants. The restaurant industry is also affected by changes in demographic trends, guest preference, traffic patterns, general economic conditions and the type, number and location of competing restaurants. Competitive pressures within the industry, along with shifts in guest preferences or behaviour, could result in reduced guest traffic and limited flexibility to increase menu prices. These factors may ultimately reduce the profitability of Boston Pizza Restaurants thereby increasing the risk of permanent restaurant closures.

Franchise Sales are influenced by marketing and advertising programs, as well as BPI's and BP Canada LP's ability to develop and introduce new and appealing menu items. However, marketing and advertising campaigns may not always achieve their intended outcomes, and new menu offerings may fail to gain traction with guests. A lack of compelling promotional initiatives or a failure to deliver menu items that align with current guest demands could limit Boston Pizza Restaurants' ability to retain existing guests and attract new ones.

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Potential Impact:

If BPI, BP Canada LP and Boston Pizza franchisees are unable to successfully compete in the casual dining sector and adapt to changes in guest behavior to meet guest needs, two key consequences may arise: (i) the ability of Boston Pizza Restaurants to generate Franchise Sales may be reduced, thereby decreasing the resulting Royalty, Distributions and cash available for distribution to Unitholders; and/or (ii) the profitability of Boston Pizza Restaurants may decline, increasing the risk of restaurant closures. Furthermore, any decline in Franchise Sales would also result in a decline in franchisees' contributions to the Advertising Fund, thereby reducing the amount of money available for BPI's and BP Canada LP's marketing and advertising programs.

Mitigation:

Boston Pizza is the largest national full-service restaurant brand in Canada, and it enjoys high levels of brand awareness among guests. BPI and BP Canada LP conduct ongoing market research that monitors the brand health for Boston Pizza and its competitors. BPI and BP Canada LP actively enhance and promote the Boston Pizza brand through a range of media types (e.g. television, radio, digital, social media), and national and local promotions that are paid for by the Advertising Fund, to which franchisees pay 3.0% of Franchise Sales. BPI and BP Canada LP work carefully with their advertising agency to craft compelling marketing campaigns designed to resonate with Boston Pizza's core guests. All significant marketing campaigns are grounded in robust market research to assess their likelihood of success. In addition, Boston Pizza franchisees and BPI's corporate support employees continuously strive to improve the guests' experience, adapting practices to retain existing guests and attract new guests. Boston Pizza and its franchisees regularly connect with their communities by hosting events, engaging with local organizations and supporting philanthropic causes. For over 30 years, the Boston Pizza Foundation has strengthened and improved Canadian communities by supporting a variety of causes through partnerships. Through initiatives like Boston Pizza's Valentine's Day Paper Hearts and Heart-Shaped Pizzas, Kids Cards and other fundraising events, over \$40 million has been raised and donated to charities across Canada and beyond.

Boston Pizza Restaurants offer a broad and diversified menu that is updated regularly and is designed to appeal to a wide variety of guests. BPI conducts ongoing market research into culinary trends to identify changes in guest preferences and behaviour, and uses advanced analytics to inform menu design, administration and pricing decisions. Boston Pizza is committed to providing guests with an enjoyable and safe experience. Transparency around ingredients and allergens remains a top priority, with comprehensive nutritional information readily available on www.bostonpizza.com and Boston Pizza's mobile app. This ensures guests can make informed choices tailored to their dietary needs. The Boston Pizza menu is designed to be highly flexible, catering to a wide range of personal preferences and specific dietary requirements, allowing guests to dine with confidence. Menu offerings are continuously adapted to meet evolving tastes and expectations. Currently, all Boston Pizza Restaurants offer GlutenWise options, and select locations also feature Halal menu choices. In 2023, BPI opened a dedicated culinary innovation centre in which BPI's culinary team is continuously focused on creating compelling culinary offerings that appeal to guests and enhance the profitability of Boston Pizza Restaurants. New menu items are concept-tested with guests prior to being launched nationally, to understand the expected rates of sales penetration. In addition, Boston Pizza's multi-channel offerings, which include the dining rooms, sports bar and patios of Boston Pizza Restaurants, together with take-out and delivery, enable Boston Pizza Restaurants to compete against a large segment of the restaurant industry. Furthermore, the franchise agreement governing the operation of Boston Pizza Restaurants requires each franchisee to renovate their restaurant to BP Canada LP's current design standards every seven years. This is intended to ensure that Boston Pizza Restaurants always have an up-to-date and inviting appearance.

3. Dependence upon Key Personnel

Inherent Risk:

The success of the Fund depends upon the expertise and contributions of BPI's senior management and key personnel. More specifically, success depends upon BPI's ability to: (i) attract and retain key individuals with the capabilities, skills and leadership competencies to effectively operate BPI's and BP Canada LP's business and achieve BPI's strategic objectives; and (ii) attract and retain qualified franchisees.

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Potential Impact:

The inability of BPI to attract and retain key employees or qualified franchisees could have a material adverse effect on the performance of the Fund, including a decline to Franchise Sales and the resulting Royalty, Distributions and cash available for distribution to Unitholders. In addition, a failure of BPI to attract and retain qualified franchisees may result in poorer operational performance and profitability of Boston Pizza Restaurants, thereby increasing the risks of Boston Pizza Restaurants permanently closing.

Mitigation:

BPI is well positioned to attract and retain key personnel who have the appropriate capabilities, skills and leadership competencies. BPI provides its employees with competitive compensation supported by routine industry benchmarking, attractive benefits and career development opportunities. BPI has succession plans for critical roles and an educational assistance program to support employee development is available to all employees. BPI has been recognized as a Franchisees' Choice Designation winner and a Platinum Member of Canada's 50 Best Managed Companies for many years and has recently received awards from Great Place To Work in the categories of Best Workplaces: in Canada – 100-999 Employees, in British Columbia, in Retail & Hospitality, for Mental Wellness, for Women, for Giving Back and with Most Trusted Executive Teams.

BPI and BP Canada LP also have robust franchisee recruitment and development programs to ensure they are able to attract and retain qualified franchisees. See "Operational Risks – Growth of Royalty and Distributions / Franchisee Performance / Closure of Boston Pizza Restaurants" below for more details.

4. Environment, Social and Governance Matters

Inherent Risk:

Public attention on social and environmental sustainability matters has grown significantly. The increased attention is coming from employees, guests, investors, environmental activists, the media and both governmental and non-governmental organizations. Growing areas of focus in the restaurant industry include packaging and waste management, animal health and welfare, human rights, climate change, greenhouse gas emissions and the use of land, energy and water. As a result, the Fund, BPI, BP Canada LP and Boston Pizza Restaurants may experience increased expectations to provide expanded public disclosure, make commitments with respect to various social and environmental issues and to take actions to meet those commitments. In addition, future legislative and regulatory efforts to combat climate change or other environmental considerations could result in increased regulation, and additional taxes and other expenses, in a manner that adversely affects the Boston Pizza business.

Potential Impact:

If the Fund, BPI, BP Canada LP and Boston Pizza Restaurants are not effective in addressing the public's expectations regarding social and environmental sustainability matters, trust in the Boston Pizza brand may suffer. The damage caused to the Boston Pizza brand by such a failure to satisfy the public's expectations may limit Boston Pizza Restaurants' ability to generate Franchise Sales, thereby decreasing the resulting Royalty, Distributions and cash available for distribution to Unitholders. In addition, the actions needed to achieve any commitments, goals or targets that are established could result in increased costs to BPI, BP Canada LP and Boston Pizza Restaurants, which may decrease the profitability of Boston Pizza Restaurants, thereby increasing the risks of them closing. The amount of Franchise Sales and the resulting Royalty, Distributions and cash available for distribution to Unitholders, could be adversely impacted if BPI, BP Canada LP and Boston Pizza Restaurants are unable to effectively manage the risks or costs associated with social and environmental sustainability matters.

Mitigation:

BPI's senior management actively monitors the environmental, social and governance risks and opportunities facing BPI, BP Canada LP and Boston Pizza Restaurants as part of its enterprise risk management framework. Risk management processes are designed to assist BPI's management stay abreast of public and regulatory expectations, and take the necessary steps to identify, understand, monitor, mitigate and manage all significant risks and opportunities in a cost-effective manner. The Fund, BPI and BP Canada LP also work closely with professional advisors to understand and prepare for mandatory

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sustainability reporting obligations that are being considered by regulators. In 2024, BPI published its first Brand Impact Report that articulates the various environmental, social and governance initiatives BPI, BP Canada LP and Boston Pizza Restaurants have in the categories of People, Planet and Product. BPI intends to enhance and update this report periodically.

5. Franchisee Relations

Inherent Risk:

The success of the Fund, BPI and BP Canada LP is dependent on BPI and BP Canada LP maintaining positive relationships with franchisees. Maintaining sufficient profitability of Boston Pizza Restaurants is paramount to fostering positive relationships with franchisees. Despite BPI's and BP Canada LP's efforts and positive track record, there is no assurances that BPI and BP Canada LP will be able to maintain positive relationships with franchisees.

Potential Impact:

If BPI and BP Canada LP cannot foster and maintain positive relationships with franchisees, there may be an adverse impact on the performance of the affected Boston Pizza Restaurants, including the ability to undertake new initiatives. Additionally, it could result in the diversion of management resources, increased administrative costs and potential litigation. In addition, a failure by BPI and BP Canada LP to maintain positive relationships with franchisees could result in adverse publicity that may negatively affect Franchise Sales of Boston Pizza Restaurants and the ability of BPI and BP Canada LP to source new franchisees, regardless of whether such publicity is accurate. Any of these factors may: (i) limit the ability of Boston Pizza Restaurants to generate Franchise Sales, thereby decreasing the resulting Royalty, Distributions and cash available for distribution to Unitholders; and/or (ii) decrease the profitability of Boston Pizza Restaurants, thereby increasing the risks of them closing.

Mitigation:

BPI and BP Canada LP communicate and consult with franchisees on a regular basis regarding a wide variety of business initiatives, prioritizing those that drive guest traffic, Franchise Sales and franchisee profitability. BPI and BP Canada LP maintain a Franchisee Advisory Council that is comprised of select franchisees from various geographical regions across Canada for the purpose of discussing and obtaining feedback on potential business challenges and opportunities facing the Boston Pizza system. Each Franchisee Advisory Council member is charged with soliciting feedback from franchisees within their region and communicating that feedback to BPI. BPI meets regularly with the Franchisee Advisory Council and seeks to obtain informal alignment prior to implementing any significant changes to the Boston Pizza system. BPI also routinely hosts webcasts that all franchisees are invited to attend. The webcasts include business updates along with an open question and answer session with BPI's senior management. BPI's senior management attends in-person regional meetings across Canada with franchisees to hear and address any concerns and to maintain personal relationships with franchisees. Select members of BPI's management also conduct periodic market tours in various parts of Canada to visit different Boston Pizza Restaurants and maintain relationships with the applicable franchisees. In addition, BPI hosts periodic system-wide conferences to which franchise owners, general managers and/or kitchen managers of Boston Pizza Restaurants are invited to attend to celebrate accomplishments, share best practices, discuss business initiatives and strengthen relationships. Furthermore, BPI and BP Canada LP provide extensive training and marketing resources to Boston Pizza franchisees and their staff that are designed to enable them to effectively and profitably operate Boston Pizza Restaurants. Lastly, BPI provides every Boston Pizza Restaurant with dedicated field operations support personnel whose role is to assist the applicable franchisee and their employees in operating an even more successful and profitable Boston Pizza Restaurant.

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B. Operational Risks

1. Growth of Royalty and Distributions / Franchisee Performance / Closure of Boston Pizza Restaurants

Inherent Risk:

The growth of Royalty payable by BPI to Royalties LP under the License and Royalty Agreement, and the growth of Distributions payable by BP Canada LP to Holdings LP, are dependent on several factors. These include the ability of BPI and BP Canada LP to (i) maintain and grow their franchised restaurants, (ii) secure new restaurant sites in prime locations, and (iii) attract and retain qualified franchisees to operate the restaurants effectively and profitably. BPI and BP Canada LP face significant competition from other restaurant chains and food service businesses when securing prime restaurant locations and attracting skilled franchisees and operators. BPI's and BP Canada LP's inability to successfully attract and retain qualified franchisees and operators could adversely affect their business development. The initial opening and success of a Boston Pizza Restaurant is dependent on a number of factors, including: availability of suitable sites; negotiations of acceptable lease or purchase terms for new locations; availability, training and retention of qualified management and other employees necessary to operate new Boston Pizza Restaurants; adequately supervising construction; securing suitable financing; and other factors, many of which are beyond the control of BPI and BP Canada LP. Boston Pizza franchisees may not always possess the business expertise, operational skills or access to sufficient financial resources required to successfully open, develop and operate a Boston Pizza Restaurant in their franchise areas in a manner consistent with BPI's and BP Canada LP's standards. BPI and BP Canada LP provide training and support to Boston Pizza franchisees, but the quality of franchised operations may be diminished by any number of factors beyond BPI's and BP Canada LP's control. Consequently, Boston Pizza franchisees may not successfully operate restaurants in a manner consistent with BPI's and BP Canada LP's standards and requirements or may not adequately hire and train qualified managers and other restaurant personnel. Franchisees who do not successfully operate restaurants in a manner consistent with BPI's and BP Canada LP's standards and requirements typically experience a loss of profitability, thereby increasing the risk of Boston Pizza Restaurants closing. In addition, any failure of franchisees to operate restaurants in a manner consistent with BPI's and BP Canada LP's standards and requirements may damage the image and reputation of BPI and BP Canada LP and attract negative publicity.

In addition, the amount of Royalty payable to Royalties LP by BPI, and the amount of Distributions payable by BP Canada LP to Holdings LP, are dependent upon Franchise Sales, which is dependent on the number of Boston Pizza Restaurants that are included in the Royalty Pool and the Franchise Sales of those Boston Pizza Restaurants. Each year, a number of Boston Pizza Restaurants may close for various reasons, including: a failure of the applicable franchisees to operate the restaurants profitably; a failure of the applicable franchisees to operate the restaurants in compliance with their franchise agreements and in a manner consistent with BPI's and BP Canada LP's standards and requirements; a loss of the applicable franchisees' right to occupy the real estate upon which the restaurant is located; and shifts in local market conditions, such as changes in traffic patterns, increased competition or demographic shifts in the area, which may reduce the financial viability of a restaurant. When Boston Pizza Restaurants close, there is no assurance that BPI and BP Canada LP will be able to open sufficient new Boston Pizza Restaurants to replace the Franchise Sales from those Closed Restaurants.

Potential Impact:

Any failure of BPI and BP Canada LP to (i) maintain and grow their franchised restaurants, (ii) secure new restaurant sites in prime locations, and (iii) attract and retain qualified franchisees to operate the restaurants, may result in declines to Franchise Sales and the resulting Royalty, Distributions and cash available for distribution to Unitholders. Failures of franchisees to operate Boston Pizza Restaurants in a manner consistent with BPI's and BP Canada LP's standards and requirements may have a similar effect. In addition, the closure of Boston Pizza Restaurants for any reason will result in declines to Franchise Sales and the resulting Royalty, Distributions and cash available for distribution to Unitholders if BPI and BP Canada LP are unable to open sufficient new Boston Pizza Restaurants to replace the Franchise Sales from those Closed Restaurants.

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Mitigation:

BPI and BP Canada LP have a dedicated franchising and development team who follow a comprehensive process to identify and secure prime real estate for new Boston Pizza Restaurants and to find qualified franchisees with sufficient capital and operating expertise to be successful. BPI and BP Canada LP have built positive relationships within the Canadian leasing community, including with leading real estate developers and institutional landlords of shopping centres and plazas that assist BPI in identifying and negotiating leases for Boston Pizza Restaurants in prime locations.

BPI and BP Canada LP are also well-positioned to attract and retain qualified franchisee candidates. BPI's franchising and development team continually and actively solicits new franchisee candidates at numerous franchising trade shows, through multiple forms of media and through networking opportunities. In addition, BPI and BP Canada LP foster the development and expansion of proven multi-unit franchisees from within the Boston Pizza system and encourage multi-generational franchisee owners where appropriate (with there being several second and third generation franchisee owners currently in the Boston Pizza system). Furthermore, BPI and BP Canada LP actively work to match individuals who have proven restaurant operational expertise with investors who have available capital.

BPI and BP Canada LP have developed leading training materials for franchisees and their restaurant operators that are designed to teach the skills required to operate a Boston Pizza Restaurant successfully, profitably and in a manner consistent with BPI's and BP Canada LP's standards and requirements. BPI and BP Canada LP actively monitor both the operational and financial performance of Boston Pizza Restaurants to identify and attempt to address any problems or issues that arise. If BPI and BP Canada LP become aware that a Boston Pizza Restaurant is either operationally or financially distressed, they work with the applicable franchisee and other stakeholders in an attempt to rectify the situation, return the restaurant to appropriate and profitable operations and prevent the restaurant from closing. In limited and appropriate circumstances, BPI and BP Canada LP may provide temporary financial support to a Boston Pizza Restaurant that is financially distressed to assist it in returning to sufficiently profitable operations and to minimize the risk of it closing. This temporary financial support does not reduce the amount of Royalty or Distributions that BPI and BP Canada LP are required to pay the Fund.

2. Availability and Quality of Raw Materials / Supply Chain / Vendor Dependency / Ethical & Sustainable Sourcing

Inherent Risk:

Franchise Sales by Boston Pizza Restaurants depend on the availability, cost and quality of input materials, food, packaging and services used in their operations. Boston Pizza's supply chain is subject to global market factors that impact availability, cost and quality of input materials. Key input materials, such as protein, produce, flour and packaging materials, are particularly susceptible to price and availability fluctuations driven by changes in supply and demand. In addition, the quality of products can be impacted by a variety of factors including extreme weather events, livestock diseases and contamination. Additionally, certain products purchased by Boston Pizza Restaurants are sourced from a single or a limited number of suppliers. If the availability or quality of these products required by Boston Pizza Restaurants is jeopardized, the ability to find alternative sources of appropriate supply may be difficult given the large scale of the Boston Pizza system and the proprietary nature of some products. Challenges in availability of input materials may result in shortages of necessary materials or Boston Pizza Restaurants incurring higher costs for those materials, both of which decrease profitability and increase the risks of restaurants closing. In addition to the risks noted immediately above, guests are also increasingly demanding that businesses adopt ethical and sustainable sourcing practices. A failure to do so could result in negative guest sentiment and adverse publicity.

Potential Impact:

A significant reduction in the availability or quality of products and services purchased by Boston Pizza Restaurants resulting from any of the above factors or significant increases in costs for input materials could have an adverse effect on Franchise Sales and the resulting Royalty, Distributions and cash available for distribution to Unitholders. Similarly, negative guest sentiment or adverse publicity arising from a failure of

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BPI and BP Canada LP to adopt ethical and sustainable sourcing practices could have an adverse effect on Franchise Sales and the resulting Royalty, Distributions and cash available for distribution to Unitholders.

Mitigation:

BPI, BP Canada LP and Boston Pizza Restaurants enjoy significant purchasing power as Canada's largest full-service restaurant chain, enabling them to generally secure a reliable supply of quality products and services. BPI's dedicated procurement team maintains strong relationships with industry-leading suppliers who have the expertise to effectively and efficiently address product availability or quality issues. To reduce reliance on single suppliers, BPI and BP Canada LP deal with a diverse range of reputable suppliers. These suppliers are required to comply with BPI's supplier code of conduct that imposes minimum standards for ethical and sustainable sourcing practices. Also, a key priority for BPI and BP Canada LP is sourcing high quality ingredients to ensure guest confidence in the food served by Boston Pizza. Whenever possible, ingredients are procured from trusted suppliers with third-party certifications for responsible sourcing and animal welfare. Additionally, all key ingredients are fully traceable to their origins. Flour used in all Boston Pizza Restaurants is harvested from the Canadian prairies, renowned for producing some of the world's finest wheat flour. Pizza mozzarella is made from Canadian cheese sourced from Canadian dairy farmers, while burgers and steaks are prepared using 100% Canadian beef. This focus on quality and traceability not only builds trust with guests but also illustrates BPI's and BP Canada LP's ongoing commitment to ethical and sustainable sourcing practices.

3. Revenue of BPI and BP Canada LP

Inherent Risk:

The ability of BPI to pay the Royalty and the ability of BP Canada LP to pay Distributions depends on several critical factors including (i) Boston Pizza franchisees' ability to generate revenue and to pay royalties to BP Canada LP, (ii) BP Canada LP's ability to enter into arrangements with suppliers and distributors to generate competitive pricing for franchisees and revenue for BP Canada LP and (iii) BP Canada LP's successful collection of franchise fees, including initial and renewal fees.

Potential Impact:

Failure by BP Canada LP to achieve adequate collection levels from Boston Pizza franchisees, or a significant reduction in revenue from supplier and distributor arrangements, could materially impact: (i) BPI's and BP Canada LP's ability to support and grow the business of Boston Pizza Restaurants and/or (ii) BPI's ability to pay the Royalty and BP Canada LP's ability to pay Distributions, thereby affecting the financial performance and sustainability of the Fund.

Mitigation:

BPI's finance team maintains rigorous oversight of fee collection from Boston Pizza franchisees and collaborates closely with BPI's operations and franchising teams to actively manage accounts receivable balances. When necessary and appropriate, legal measures are employed to recover overdue payments from franchisees. Additionally, BPI's procurement team continuously engages in negotiations with leading suppliers to secure competitive pricing for franchisees and optimize revenue opportunities for BP Canada LP. These measures, combining rigorous financial oversight with proactive management, are intended to minimize downside risks and ensure ongoing revenue stability across franchisee and supplier arrangements.

4. Labour Availability, Cost and Efficiency

Inherent Risk:

The availability of employees at reasonable wages is critical to the successful operation, revenue generation and profitability of Boston Pizza Restaurants. Since 2022, the restaurant industry has continued to experience persistent labour shortages, resulting in heightened competition for skilled workers and rising wage costs. Labour typically represents the largest single operating expense for Boston Pizza Restaurants. Challenges such as insufficient labour availability or ineffective management of labour resources by franchisees can lead to operational disruptions, reduced service quality and decreased profitability.

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Potential Impact:

The ability of Boston Pizza Restaurants to attract, motivate and retain sufficient qualified employees is critical to maintaining efficient operations, delivering exceptional guest experiences and upholding the reputation of the Boston Pizza brand. Failure to do so could result in operational disruptions, diminished service quality, negative guest perceptions and potential reputational damage. These challenges may lead to declines in Franchise Sales, negatively affecting Royalty, Distributions and cash available for distribution to Unitholders. Additionally, increased labour costs or inefficient labour management can erode franchisee profitability, heightening the risk of restaurant closures.

Mitigation:

BPI and BP Canada LP have developed numerous programs that are designed to assist franchisees in attracting and retaining employees who are both qualified and motivated. These include hosting a national Boston Pizza careers website where franchisees can post employment opportunities and prospective employees can apply for positions, the use of other recruitment platforms such as Indigenous.Link, making available to franchisees a new employee orientation program, providing employee management and leadership development classes and periodically hosting multi-day Boston Pizza conferences that provide opportunities for engagement and professional development of franchisees, general managers and kitchen managers. Additionally, BPI has a Scholarship Program that offers financial assistance for Boston Pizza Restaurant employees pursuing post-secondary education, including university degrees, college diplomas or certificates. These initiatives collectively enhance franchisees' ability to attract, develop and retain a skilled and motivated workforce, contributing to the long-term success and operational excellence of Boston Pizza Restaurants.

Attracting and retaining employees is essential, but effective labour scheduling is equally critical for delivering exceptional guest experiences and ensuring restaurant profitability. To address this, BPI and BP Canada LP require all Boston Pizza Restaurants to utilize the same digital labour management solution. This system streamlines hourly labour scheduling, enhances operational efficiency and facilitates the sharing of best practices and key performance indicators across all Boston Pizza Restaurants, reinforcing consistency and effectiveness in labour management throughout the network.

Additionally, BPI's culinary team, led by its Executive Chef, carefully develops menu items to balance operational efficiency with maintaining high standards of quality and consistency. The Executive Chef oversees a dedicated culinary team and collaborates closely with the Boston Pizza Restaurant Advisory Council, which is composed of top operators, as well as key suppliers. This collaborative approach ensures that menu offerings align with guest preferences, operational efficiency needs and quality standards. Supporting this effort, BPI's dedicated training team continuously updates training materials and manuals to ensure they are user-friendly and aligned with the latest operational best practices.

5. Food Safety

Inherent Risk:

The restaurant industry inherently faces the risk of food safety incidents that may cause harm to guests. The occurrence of any food safety incident at a Boston Pizza Restaurant, including any foodborne illness, has the potential to result in (i) significant adverse publicity which can diminish the value of the Boston Pizza brand, and (ii) significant liability for harm caused to guests. Additionally, food safety incidents within the broader restaurant industry can create widespread negative publicity that materially affects the entire industry, including Boston Pizza Restaurants.

Potential Impact:

Publicity from a food safety incident could adversely affect Franchise Sales in one or more Boston Pizza Restaurants and the resulting Royalty, Distributions and cash available for distribution to Unitholders. In addition, BPI, BP Canada LP or Boston Pizza Restaurants may be the subject of complaints or litigation from guests alleging food-related illness or other food quality or health concerns. Negative publicity resulting from such allegations may materially affect the Franchise Sales of Boston Pizza Restaurants, irrespective of whether such allegations are true or whether a franchisee, BPI or BP Canada LP is ultimately held liable.

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Mitigation:

BPI and BP Canada LP have rigorous food safety practices and protocols that Boston Pizza Restaurants are required to follow. These measures are designed to minimize the probability of food safety incidents, including foodborne illnesses, and ensure that guests of Boston Pizza Restaurants enjoy safe, high-quality food. Practices and processes include sourcing food products from industry-leading, reputable suppliers who employ robust quality assurance protocols. They also require employees of Boston Pizza Restaurants to undergo annual food safety training and certification. BPI's field operations team regularly assesses and audits every Boston Pizza Restaurant's compliance with these practices and processes via a Core Brand Standards Assessment that BPI has developed. BPI and BP Canada LP have also engaged Steritech, North America's industry-leading service provider, to perform semi-annual unannounced food safety audits at each Boston Pizza Restaurant, focusing on compliance with hygiene standards, food handling and storage protocols and kitchen sanitation practices. In addition, each Boston Pizza Restaurant is periodically inspected by local health inspectors who evaluate whether the restaurant is complying with all required food safety protocols. BPI subscribes to a service that provides alerts on any food safety violations noted by local health inspectors across Canada. Additionally, all Boston Pizza Restaurants partner with Ecolab, using their industry-leading chemicals and services to help keep restaurants safe and clean.

BP Canada LP requires all franchisees of Boston Pizza Restaurants (subject to certain exceptions) to participate in a comprehensive group property and casualty insurance program, which includes (i) liability coverage to compensate for bodily harm caused to guests and (ii) tradename restoration coverage designed to remediate reputational harm, and compensate for financial loss suffered, as a result of a food safety incident. However, there can be no assurance that insurance coverage will exist for any particular food safety incident or that the coverage will be adequate.

6. Damaging Restaurant Incidents / Effect of Media and Social Media

Inherent Risk:

Actual or alleged incidents occurring at individual Boston Pizza Restaurants have the potential to generate significant negative publicity that could impact the broader Boston Pizza brand and system. These incidents may encompass a range of issues, including but not limited to, food safety violations, injuries suffered on the premises, human relations matters such as bullying or harassment, failures to serve alcohol responsibly, inappropriate public discourse on a wide range of topics by restaurant employees, violent incidents that occur on the premises or other health and operational concerns. Each of these risks carries the potential to damage Boston Pizza's brand and business.

The Fund, BPI, BP Canada LP and Boston Pizza Restaurants may be adversely affected by information disseminated through both traditional media and social media. There has been a significant increase in the use of social media platforms and similar communication channels that provide individuals with access to a broad audience of guests and other stakeholders. Information on these platforms is disseminated almost instantaneously, often without filters or independent verification as to the accuracy of the content posted. The potential for dissemination of information, including inaccurate information, is virtually limitless. Information posted may be detrimental to the interests of the Fund, BPI, BP Canada LP, Boston Pizza Restaurants or the Boston Pizza brand, or may be inaccurate, and may harm the performance, prospects or business of the Fund, BPI, BP Canada LP, Boston Pizza Restaurants or the Boston Pizza brand. The harmful impact of such information can be immediate, leaving little to no opportunity for redress or correction by the Fund, BPI, BP Canada LP or Boston Pizza Restaurants.

Potential Impact:

Harm caused by incidents that occur at Boston Pizza Restaurants and/or media reports, including social media, could significantly reduce demand for the products and services offered by Boston Pizza Restaurants. Incidents may decrease guest traffic to Boston Pizza Restaurants as guests shift their preferences to competitors or other alternatives, regardless of whether the incidents actually occurred, whether media reports were accurate or whether BPI, BP Canada LP or a Boston Pizza franchisee was ultimately held liable. A decrease in guest traffic to Boston Pizza Restaurants resulting from these events could lead to a decline in Franchise Sales and the resulting Royalty, Distributions and cash available for distribution to Unitholders.

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Mitigation:

BPI and BP Canada LP have operating processes and procedures with which franchisees are required to comply that are designed to minimize adverse incidents occurring at Boston Pizza Restaurants, which include policies, processes and training around food safety, responsible service of alcohol, appropriate workplace conduct and communicating with the media, including social media. BPI engages with a leading social media monitoring company to continuously monitor social media feeds for potentially harmful publicity on Boston Pizza and employ timely mitigation tactics to reduce the likelihood of such content going viral. BPI's guest services, communications, operations and legal teams are also prepared to intervene promptly in the event of significant negative publicity, working collectively to diffuse the situation and mitigate reputational harm.

C. Legal and Regulatory Risks

BPI, BP Canada LP and Boston Pizza Restaurants are subject to various federal, provincial and local laws affecting their respective businesses. Any material non-compliance with such laws and regulations could adversely affect the operations and financial condition of BPI, BP Canada LP or Boston Pizza Restaurants. In addition, each Boston Pizza Restaurant is subject to licensing and regulation by a number of governmental authorities, which may include alcoholic beverage control, smoking laws, health and safety and fire agencies. Difficulties in obtaining or failures to obtain the required licenses or approvals could delay or prevent the development of a new Boston Pizza Restaurant in a particular area or restrict the ongoing operations of an existing Boston Pizza Restaurant. Certain specific and highly-relevant governmental regulations affecting BPI, BP Canada LP and Boston Pizza Restaurants are as follows:

1. Regulations Governing Food Service and Alcoholic Beverages

Inherent Risk:

Boston Pizza Restaurants are subject to various federal, provincial and local government regulations that regulate the sale of food and alcoholic beverages. Such regulations are subject to change from time to time. The failure to obtain and maintain these licenses, permits and approvals could adversely affect the operations of a Boston Pizza Restaurant. Typically, licenses must be renewed annually and may be revoked, suspended or denied renewal for cause at any time if governmental authorities determine that a Boston Pizza Restaurant has violated its regulations. Difficulties or failures in obtaining or maintaining the required licenses and approvals could adversely affect existing Boston Pizza Restaurants and potentially delay or cancel the opening of new Boston Pizza Restaurants, which would adversely affect BPI's and BP Canada LP's business.

The ability of Boston Pizza Restaurants to serve alcoholic beverages is an important factor in attracting guests. Alcoholic beverage regulations require each Boston Pizza Restaurant to apply to provincial or municipal authorities for a license or permit to sell alcoholic beverages on the premises and, in certain locations, to provide service for extended hours, as well as to provide service on Sundays. Typically, licenses must be renewed annually and may be revoked or suspended for cause at any time. Alcoholic beverage regulations govern numerous aspects of daily operations of Boston Pizza Restaurants, including the minimum age of patrons and employees, hours of operation, advertising, wholesale purchasing, inventory control and handling, storage and dispensing of alcoholic beverages. The failure of a Boston Pizza franchisee to maintain a license to serve liquor for a Boston Pizza Restaurant would adversely affect that restaurant's business. BPI, BP Canada LP or a Boston Pizza franchisee may be subject to legislation in certain provinces, which may grant a person injured by an intoxicated person the right to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated person.

Potential Impact:

Failure of Boston Pizza Restaurants to obtain or maintain any permit required for the lawful sale of food products or alcoholic beverages could result in reduced Franchise Sales, temporary or permanent closure of a Boston Pizza Restaurant and resulting declines in Royalty, Distributions and cash available for distribution to Unitholders. In addition, failure of a Boston Pizza Restaurant to comply with the terms and conditions of any such permit could result in fines, the suspension or termination of a permit and potentially

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negative publicity, all of which may result in declines in Franchise Sales and resulting declines in Royalty, Distributions and cash available for distribution to Unitholders.

Mitigation:

BPI and BP Canada LP provide guidance to franchisees regarding what types of governmental permits are required in different jurisdictions to lawfully sell food products and alcoholic beverages and, upon request, assist franchisees in applying for or renewing such permits. BPI and BP Canada LP also provide training resources to Boston Pizza franchisees and their employees about appropriate ways to prepare and serve food products and alcoholic beverages. BPI, BP Canada LP and Boston Pizza Restaurants carry host liquor liability coverage as part of their existing comprehensive general liability insurance. There is no assurance that such insurance coverage will address any individual claim or that it will be adequate.

2. Laws Concerning Employees

Inherent Risk:

The operations of Boston Pizza Restaurants are subject to laws and regulations governing the employer-employee relationship, including minimum wages, working conditions, overtime and tip credits, pay equity, discrimination and harassment as well as rules and regulations regarding the employment of temporary foreign workers. Significant numbers of Boston Pizza Restaurants' food service and preparation personnel are paid at rates related to the minimum wage and, accordingly, further increases in the minimum wage could increase Boston Pizza Restaurants' labour costs. Any actual or alleged failure to comply with laws and regulations governing the employer-employee relationship could result in legal claims being asserted by employees of franchisees. Such claims could be asserted against BPI, BP Canada LP or Boston Pizza franchisees and may create not only legal and financial liability, but negative publicity that could adversely affect the Boston Pizza brand and divert financial and management resources that would otherwise be used to benefit the future performance of the Fund, BPI and BP Canada LP. These types of employee claims could also be asserted against BPI or BP Canada LP, on a co-employer or joint-employer basis, by employees of the Boston Pizza franchisees. A significant increase in the number of these claims or an increase in the number of successful claims could adversely impact the reputation of the Fund, BPI and BP Canada LP. Lastly, in some regions of Canada, Boston Pizza Restaurants employ temporary foreign workers. The supply of labour in such regions could be reduced by government regulations concerning the employment of temporary foreign workers.

Potential Impact:

The management resources required, financial liabilities incurred and/or reputational harm that may arise from employment-related claims being asserted against BPI or BP Canada LP or the failure of Boston Pizza franchisees to comply with applicable employment laws and regulations could result in reduced Franchise Sales, a temporary or permanent closure of a Boston Pizza Restaurant and resulting declines in Royalty, Distributions and cash available for distribution to Unitholders. In addition, changes to the regulations governing temporary foreign workers may constrain labour availability for franchisees and/or increase their labour costs, thereby reducing their profitability and increasing the risk of Boston Pizza Restaurants closing.

Mitigation:

BPI and BP Canada LP provide guidance to franchisees regarding the requirements of applicable laws and regulations governing the employer-employee relationship, including standard policies and training materials related to appropriate workplace conduct. BPI and BP Canada LP also provide assistance to franchisees in managing conflicts with or among their employees. BPI may intercede in conflicts that arise between a franchisee and one or more of their employees/former employees in an attempt to cooperatively resolve the situation and minimize the probability of litigation or negative publicity. Additionally, through BPI, all Boston Pizza franchisees have a membership with the Canadian Federation of Independent Business. This membership offers extensive guidance and resources to help navigate complex labour issues effectively and to resolve employer-employee disputes amicably. Franchisees also have access to further resources through Boston Pizza's membership with Restaurants Canada. BPI's management has a seat on the Restaurants Canada board, ensuring that the interests and challenges of Boston Pizza franchisees are directly represented and addressed, including in broader industry advocacy efforts.

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3. Sales Tax Regulations

Inherent Risk:

Increases in the after-tax price of goods and services have a negative effect on the guests' perception of spending on restaurant dining, including takeout and delivery. This negative perception can potentially reduce the frequency of guest visits to restaurants and/or the total amount that guests spend per restaurant visit. As guests' perception and/or actual disposable income are negatively impacted by higher after-tax prices, Franchise Sales face the risk of decline when retail sales taxes increase.

Potential Impact:

Increases to sales taxes on restaurant food and services may result in reduced Franchise Sales, resulting in declines to Royalty, Distributions and cash available for distribution to Unitholders.

Mitigation:

BPI plays a proactive role in advocating for the restaurant industry through its membership and board representation with Restaurants Canada. Restaurants Canada actively lobbies various levels of government on laws and regulations that impact the restaurant sector. Additionally, BPI and its franchisees are members of the Canadian Federation of Independent Business, which advocates on behalf of small businesses to promote favorable taxation policies and other business-friendly regulations.

4. Regulations Governing Franchises

Inherent Risk:

In Canada, six provinces – British Columbia, Alberta, Manitoba, Ontario, New Brunswick and Prince Edward Island – have legislation that specifically governs franchises.⁸ The complete failure to provide a disclosure document as required by the franchise disclosure laws and regulations in these provinces (or the provision of a disclosure document that is materially non-compliant) provides a franchisee with a two-year absolute right of rescission. If a disclosure document is not provided within the time required by applicable provincial legislation, a franchisee has 60 days from the date of receipt of the disclosure document to rescind the franchise agreement. These statutory rights of rescission entitle the franchisee to recover all monies paid and claim compensation for any losses incurred. Franchise legislation also provides a franchisee with a statutory right of action to sue if a franchisee suffers a loss because of a misrepresentation contained in the disclosure document, or as a result of the franchisor's failure to comply with its disclosure obligations. These rights are in addition to any rights that might exist under common law.

Potential Impact:

Claims arising from any non-compliance with franchise disclosure laws may adversely affect the ability of BP Canada LP to pay Distributions to Holdings LP, and of BPI to pay the Royalty to Royalties LP. Such claims may also result in negative publicity that may impede BPI's and BP Canada LP's ability to attract and retain qualified franchisees, thereby reducing their ability to support and grow the business of Boston Pizza Restaurants.

Mitigation:

BPI and BP Canada LP have strict internal processes to ensure that franchise agreements are not entered into without first having provided the requisite franchise disclosure documents and waiting the required amount of time before entering into the agreements. In addition, BPI and BP Canada LP have strict internal processes and routinely consult with external legal counsel to ensure that every franchise disclosure document issued is materially compliant with applicable laws and is free from misrepresentation.

5. Intellectual Property

Inherent Risk:

The ability of BPI and BP Canada LP to maintain or increase Franchise Sales will depend on their ability to maintain "brand equity" through the use of the BP Rights licensed from Royalties LP. If Royalties LP fails to enforce or maintain any of its intellectual property rights, BPI and BP Canada LP may be unable to fully

⁸ In addition, Saskatchewan has passed the *Franchise Disclosure Act*, which is scheduled to come into force on June 30, 2026.

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capitalize on the benefits of the well-established and positive brand equity that Boston Pizza has built. All registered trademarks in Canada can be challenged pursuant to provisions of the *Trademarks Act* (Canada). Royalties LP owns the BP Rights in Canada. However, it does not own identical or similar trademarks owned by parties not related to BPI or Royalties LP in other jurisdictions outside of Canada. Third parties may use such trademarks in jurisdictions other than Canada in a manner that diminishes the value of such trademarks.

Potential Impact:

If the validity or enforceability of any of the BP Rights are ever successfully challenged, this may have an adverse impact on the value of the BP Rights, the amount of Franchise Sales and the resulting Royalty, Distributions and cash available for distribution to Unitholders. In addition, if identical or similar trademarks are used outside of Canada in a manner that diminishes the value of those trademarks, the value of the BP Rights may be impaired, and Franchise Sales of Boston Pizza Restaurants could decline. Similarly, negative publicity or events associated with such trademarks in jurisdictions outside of Canada may negatively affect the image and reputation of Boston Pizza Restaurants in Canada, resulting in a decline in Franchise Sales of Boston Pizza Restaurants. Any such decline in Franchise Sales would reduce the amount of Royalty, Distributions and cash available for distribution to Unitholders.

Mitigation:

BPI and BP Canada LP have developed and implemented strict brand usage guidelines to facilitate BPI complying with its obligations under the License and Royalty Agreement. Those guidelines are designed to ensure that the validity and enforceability of the BP Rights are maintained and not diminished. All significant marketing campaigns and advertising materials are reviewed by BPI's legal department to ensure appropriate trademark usage and compliance with the License and Royalty Agreement. BPI subscribes to an international watch service that alerts BPI to any trademark applications that are filed in Canada or elsewhere that are identical, confusingly similar or conflict with any of the BP Rights so that BPI can take appropriate defensive actions. In addition, BPI vigorously pursues, through all legal means necessary, all known instances of any person infringing or violating any of the BP Rights. Furthermore, BPI's internal audit team performs a trademark compliance review on the Boston Pizza marks every two years and reports the findings and recommendations to the Trustees.

6. Disease Outbreaks

Inherent Risk:

Any local, regional, national or international outbreak of a contagious disease, pandemic, epidemic or other material disease outbreak could reduce the general population's willingness to dine out, lead to employee shortages, decrease guest traffic, cause supply shortages and result in increased governmental regulations (including potential restrictions to on-premises dining). The majority of Franchise Sales at Boston Pizza are generated on-premises in dining rooms, sports bars and patios, making the risk from pandemics particularly impactful to Boston Pizza's overall results, as government restrictions, such as those imposed during the COVID-19 pandemic, often specifically constrain on-premises dining operations.

Potential Impact:

Any of the foregoing may: (i) limit Boston Pizza Restaurants' ability to generate Franchise Sales, thereby decreasing the resulting Royalty, Distributions and cash available for distribution to Unitholders; and/or (ii) decrease the profitability of Boston Pizza Restaurants, thereby increasing the risks of them closing.

Mitigation:

BPI, BP Canada LP and Boston Pizza Restaurants have expanded and continue to focus on the take-out and delivery channel to appeal to guests' preferences and desire for convenience, and to be well-positioned in the event future disease outbreaks result in decreased guest traffic or increased government regulations (as was the case during the COVID-19 pandemic). In addition, BPI and BP Canada LP have contingency plans in place to adapt restaurant operations as a result of disease outbreaks and/or increased governmental regulations.

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D. Financial Risks

1. Economic Uncertainties

Inherent Risk:

The success of BPI, BP Canada LP and Boston Pizza Restaurants, and the amount of Franchise Sales, Royalty, Distributions and cash available for distribution to Unitholders, are dependent upon many economic factors, including impacts of inflation, increases in interest rates, rising input costs, unemployment rates, guest confidence, guest discretionary income and spending, recession, supply chain disruption, labour availability and other broadly disruptive events. A prolonged trade war between Canada and the United States of America, which is by far Canada's largest trading partner and a critical driver of our economy, could trigger a broader economic slowdown or recession. Such conditions would likely reduce consumer discretionary spending, further impacting guest traffic and Franchise Sales at Boston Pizza Restaurants. In addition, as tariffs or trade restrictions are imposed, Boston Pizza Restaurants may face higher input costs, which could reduce margins or necessitate menu price adjustments that impact guest demand. Inflation and increases in interest rates decrease consumers' discretionary spending and increase the difficulty for Boston Pizza Restaurants to operate profitably due to increased input and debt service costs while balancing the need to maintain competitive menu pricing. Increases in interest rates also make it more difficult for Boston Pizza Restaurants to invest in new equipment and technology due to increased debt service costs. Rising unemployment rates, decreasing guest confidence and recession may lead to decreased demand for dining out, including takeout and delivery, resulting in reduced guest traffic and Franchise Sales. While global supply chains have largely normalized since the COVID-19 pandemic, it remains possible that economic uncertainty, including global trade tensions and tariffs, particularly given Canada's significant reliance on trade with the United States of America and other major trading partners, may result in commodity unavailability or increased commodity costs for Boston Pizza Restaurants. Additionally, the continued labour shortage in the restaurant industry may impede Boston Pizza Restaurants' ability to attract and retain sufficient numbers of qualified employees. Furthermore, global disruptions, such as geopolitical events, public health or pandemic outbreaks (including COVID-19), war or hostilities in countries in which Boston Pizza suppliers are located, terrorist or military activities, social unrest or natural disasters could lead to disruptions in the supply chain and increased economic uncertainty.

Potential Impact:

All the factors listed above can contribute to a challenging environment for Boston Pizza Restaurants, which may: (i) limit their ability to generate Franchise Sales, thereby decreasing the resulting Royalty, Distributions and cash available for distribution to Unitholders; and/or (ii) decrease their profitability, thereby increasing the risks of Boston Pizza Restaurants closing.

Mitigation:

While economic uncertainties are outside the control of the Fund, BPI or BP Canada LP, BPI and BP Canada LP employ several strategies to minimize the negative impacts of significant adverse economic factors. BPI and BP Canada LP have established national franchisee lending programs with five of Canada's largest financial institutions that provide franchisees with access to capital at attractive interest rates.

Boston Pizza Restaurants enjoy national purchasing power through BPI's dedicated procurement team who are focused on negotiating cost effective arrangements with suppliers. BPI's procurement team routinely enters into longer-term contracts with suppliers to insulate the business from short-term cost fluctuations that arise during supply chain disruptions. In addition, BPI's procurement team actively seeks to source goods from within Canada where possible in order to mitigate the effect of foreign exchange and potential trade disputes. The vast majority of food products purchased by Boston Pizza Restaurants are sourced from within Canada and made with Canadian ingredients. BPI's and BP Canada LP's domestic sourcing strategy ensures greater price stability and supply chain resilience, reducing the risk of sudden cost increases due to global trade disputes. In the event that it is not possible to procure necessary goods from within Canada, BPI's procurement seeks to procure them from jurisdictions from which Canada does not impose importation tariffs. Furthermore, Boston Pizza's vast and diverse menu provides BPI's culinary and foodservices teams flexibility to modify menu composition and offerings to optimize ingredient usage in a

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manner that minimizes impacts of tariffs. BPI continually monitors potential tariff risks and evaluates alternative sourcing strategies to minimize cost impacts on Boston Pizza Restaurants. BPI also plays a proactive role in advocating for the restaurant industry through its membership and board representation with Restaurants Canada. Restaurants Canada actively lobbies various levels of government on laws and regulations that impact the restaurant sector, including tariffs.

BPI and BP Canada LP require Boston Pizza Restaurants to use a digital labour management solution to schedule and efficiently manage labour costs (discussed above). The Boston Pizza system also has many multi-unit franchisees who tend to have a greater capacity to diversify risk and weather economic uncertainties than single-unit franchisees. In addition, the Boston Pizza system benefits from a substantial Advertising Fund that can aggressively promote value-based offerings that resonate with guests during challenging economic conditions.

2. Availability and Adequacy of Insurance

Inherent Risk:

BPI, BP Canada LP and Boston Pizza Restaurants maintain insurance coverage to protect them from liabilities they incur in the course of their business. There is no assurance that such insurance coverage will respond to, or be adequate to protect them from, such liabilities. Additionally, in the future, the insurance premiums for BPI, BP Canada LP and Boston Pizza Restaurants may increase and they may not be able to obtain similar levels of insurance on reasonable terms or at all. Furthermore, there are types of losses BPI, BP Canada LP or Boston Pizza Restaurants may incur that cannot be insured against or that are not economically reasonable to insure.

Potential Impact:

Any substantial inadequacy of, or inability to obtain insurance coverage, could materially adversely affect BPI's and BP Canada LP's business, financial condition and results of operations, or could result in Boston Pizza Restaurants closing. In addition, any losses that are not insurable or not insurable on reasonable terms could have a material adverse effect on BPI's and BP Canada LP's business and results of operations or could result in Boston Pizza Restaurants closing. Any of the foregoing may result in declines in Franchise Sales, and the resulting Royalty, Distributions and cash available for distribution to Unitholders.

Mitigation:

BPI and BP Canada LP use the services of a leading global insurance brokerage to design and manage a comprehensive group property and casualty insurance program for BPI, BP Canada LP and Boston Pizza Restaurants. BPI's and BP Canada LP's insurance broker periodically markets the Boston Pizza insurance program to leading global insurers and provides regular advice on adequacy of coverage, applicable exclusions and premium benchmarking with a view to providing the optimal blend of coverage and affordability.

3. Indebtedness of BPI

Inherent Risk:

BPI has third-party debt service obligations under the Credit Facilities. Pursuant to the Second Amended and Restated Priority Agreement dated April 11, 2018 between Royalties LP and the Bank, the Fund has priority over the Bank with respect to the payment of Royalty and Distributions owing by BPI and BP Canada LP versus amounts owing by BPI to the Bank. However, the degree to which BPI is leveraged could have important consequences to Unitholders, including: (i) a portion of BPI's free cash flow from operations could be dedicated to the payment of the principal of and interest on BPI's indebtedness, thereby reducing funds available for BPI to support and grow the business of Boston Pizza Restaurants; and (ii) if BPI's free cash flow from operations after paying the Fund Royalty and Distributions is insufficient to pay principal and interest owing to the Bank, BPI may commit an event of default under the Credit Facilities, which if not cured or waived, could result in the acceleration of the relevant indebtedness and/or could have a material adverse effect on the Fund.

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In addition, all of BPI's borrowings are currently at variable interest rates. As such, changes in interest rates could significantly impact BPI's debt service costs. The Credit Facilities mature on July 1, 2026, at which time BPI will need to either repay or refinance such loans. There can be no guarantee that refinancing will be available to BPI, or available to BPI on acceptable terms. BPI's ability to meet its debt obligations, whether through scheduled payments of principal and interest, or refinancing, depends on future cash flows. These cash flows are dependent on the success of Boston Pizza Restaurants, prevailing economic conditions, prevailing interest rate levels, and various financial, competitive and business factors, many of which are beyond BPI's control.

The Credit Facilities contain numerous restrictive covenants that limit the discretion of BPI's management over certain business matters. These covenants place restrictions on, among other things, the ability of BPI to incur additional indebtedness, to create liens or other encumbrances, to pay distributions or make certain other payments, investments, loans and guarantees, to sell or otherwise dispose of assets, to allow a change of control and to merge or consolidate with another entity. A failure by BPI to comply with the obligations in the Credit Facilities could result in an event of default under the Credit Facilities, which if not cured or waived, could result in the acceleration of the relevant indebtedness and/or could have a material adverse effect on the Fund.

Potential Impact:

If BPI has insufficient cash flows from operations available to adequately support and grow the business of Boston Pizza Restaurants due to debt service expenses, then it may result in a reduction in the amount of Franchise Sales and the resulting Royalty, Distributions and cash available for distribution to Unitholders. If BPI commits an event of default under the Credit Facilities that is not cured or waived due to (i) having insufficient cash flows from operations after the payment of Royalty and Distributions to pay amounts owing to the Bank, (ii) not being able to repay or refinance its indebtedness on acceptable terms upon maturity, or (iii) failing to comply with restrictive covenants in the Credit Facilities, it may result in the relevant indebtedness being accelerated, the Bank commencing proceedings to enforce its security and/or could have a material adverse effect on the Fund. If BPI were to commit an event of default under the Credit Facilities and the indebtedness thereunder were accelerated, there can be no assurance that BPI would have sufficient liquidity to repay that indebtedness. If BPI were unable to repay that indebtedness, it may have a material adverse effect on the Fund. In addition, significant changes in the amount required by BPI to be applied to debt service due to changes in interest rates could negatively impact BPI's ability to grow and support the business of Boston Pizza Restaurants.

Mitigation:

BPI has steadily reduced its indebtedness through regular payments to the Bank and currently maintains a modest level of leverage. BPI periodically reviews its capital structure and evaluates whether its level of leverage is appropriate. BPI has also established robust internal processes to ensure that all covenants contained within the Credit Facilities are not inadvertently breached, including comprehensive multi-year financial projections that forecast, among other things, covenant compliance. Additionally, BPI actively monitors its exposure to interest rate risk by tracking fluctuations in CORRA and prime interest rates and evaluating interest rate swaps when necessary. Lastly, while the Credit Facilities mature on July 1, 2026, BPI expects that it will be able to refinance the Credit Facilities on or before maturity on acceptable terms. This is based on BPI's ability to generate positive cash flow from operations, its history of being able to successfully refinance its debt and positive relationships with lenders. However, if such refinancing does not occur, BPI anticipates that it will have adequate resources available to repay the outstanding principal amount owing under the Credit Facilities upon maturity.

4. Indebtedness of Franchisees

Inherent Risk:

Numerous franchisees of BP Canada LP have third-party debt service obligations under various credit arrangements with their lenders. The degree to which franchisees of BP Canada LP are leveraged and the extent to which such franchisees are exposed to interest rate risk could impact the amount of cash such franchisees are required to spend on debt service. In addition, a failure of franchisees of BP Canada LP to

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comply with restrictive or other covenants under the credit arrangements with their lenders could result in their indebtedness being accelerated.

Potential Impact:

If franchisees of BP Canada LP are excessively leveraged or there are increases to interest rates, the amount of cash such franchisees spend on debt service could negatively impact the ability of such franchisees to pay BP Canada LP royalty and advertising fees and may increase the probability of Boston Pizza Restaurants closing. In addition, any failure of franchisees of BP Canada LP to either comply with the agreements governing their third-party debt service obligations or to repay or refinance such debt upon maturity could also negatively impact the ability of such franchisees to pay BP Canada LP royalty and advertising fees and may increase the probability of Boston Pizza Restaurants closing. The foregoing may decrease the amount of Franchise Sales and the resulting Royalty, Distributions and cash available for distribution to Unitholders.

Mitigation:

BPI and BP Canada LP have established national franchisee lending programs with five of Canada's larger financial institutions that provide franchisees with access to capital at attractive interest rates. Under these programs, BPI and BP Canada LP receives regular reports from the financial institutions regarding the amount of indebtedness owing and whether the franchisees are in compliance with their obligations to the financial institutions. If any problems are identified by the lenders, BPI and BP Canada LP attempt to work with the applicable franchisees and the financial institutions to stabilize the situation and find a mutually beneficial solution.

E. Technology Risks

1. Cybersecurity / System Failure / Data Breaches

Inherent Risk:

BPI, BP Canada LP and Boston Pizza franchisees rely heavily upon information technology systems, including point-of-sale processing systems, in Boston Pizza Restaurants. These systems are essential for managing their supply chain, fulfilling payment obligations, processing cash, credit and debit card transactions and handling other critical tasks, including the receiving and fulfilling of guests' orders at Boston Pizza Restaurants. BPI's, BP Canada LP's and Boston Pizza Restaurants' ability to efficiently and effectively manage their business depends significantly on the reliability and capacity of these systems. BPI's, BP Canada LP's and Boston Pizza Restaurants' operations depend upon their ability to protect their computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, cybersecurity incidents and other disruptive problems. The failure of these systems to operate effectively – whether due to maintenance problems, challenges in upgrading or transitioning to new platforms, difficulties in scaling systems to support growth or breaches in security (including ransomware attacks or denial-of-service threats) – could result in an inability to operate, delays in guest service, or reduced efficiency in BPI's, BP Canada LP's and Boston Pizza Restaurants' operations. Any unavailability of these information technology systems also has the potential to garner significant adverse publicity and loss of guest confidence. Remediation of such problems could result in significant, unplanned capital investments, and the lead time to address existing deficiencies in IT systems or to vet and implement new IT systems tends to be lengthy.

In addition, BPI, BP Canada LP and Boston Pizza franchisees collect and/or use confidential guest information related to the electronic processing of credit and debit card transactions, personal information of guests in connection with Boston Pizza's loyalty platform and personal information of their respective employees. If any of BPI, BP Canada LP or Boston Pizza franchisees experiences a security breach in which any of this type of information is stolen or disclosed, BPI, BP Canada LP or Boston Pizza franchisees may incur unanticipated costs, become subject to claims for purportedly fraudulent transactions arising out of the actual or alleged theft of credit or debit card information and/or become subject to lawsuits, regulatory penalties or other proceedings relating to these types of incidents. In addition, most provinces have enacted legislation requiring notification of security breaches involving personal information, including credit and

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debit card information. Security breaches also have the potential to garner significant adverse publicity and loss of guest confidence.

Potential Impact:

Any unplanned unavailability of the information technology systems upon which BPI, BP Canada LP or Boston Pizza Restaurants rely, whether as a result of system failure, physical damage, cybersecurity incidents or otherwise, together with any adverse publicity resulting from such unavailability, may have a material adverse effect on Franchise Sales, the resulting Royalty, Distributions and cash available for distribution to Unitholders. In addition, unanticipated costs incurred by BPI, BP Canada LP or Boston Pizza Restaurants to remediate any unavailability of information technology systems could decrease the profitability of Boston Pizza Restaurants thereby increasing the risk of them closing and/or impede the ability of BP Canada LP to pay Distributions to Holdings LP, or BPI to pay Royalty to Royalties LP.

In addition, any claims, proceedings or costs associated with any actual or alleged loss or disclosure of confidential guest information or other personal information could cause BPI, BP Canada LP or Boston Pizza franchisees to incur significant unplanned expenses, which could have an adverse impact on their financial condition and results of operations. Furthermore, adverse publicity resulting from any actual or alleged security breach may have a material adverse effect on Franchise Sales, the resulting Royalty, Distributions and cash available for distribution to Unitholders and/or the ability of BP Canada LP to pay Distributions to Holdings LP, or BPI to pay Royalty to Royalties LP.

Mitigation:

All core information technology systems that power the operations of BPI, BP Canada LP and Boston Pizza Restaurants are centrally managed by BPI. BPI has developed a comprehensive cybersecurity strategy that is designed to protect the information technology systems from malicious attacks, unavailability and security breaches, and which is regularly reviewed and tested. BPI has a dedicated team of technology and cybersecurity professionals that continue to strengthen their cyber posture and improve their resilience and cybersecurity capabilities including security monitoring, cyber threat intelligence analysis and event alerting. In addition to having in-house cybersecurity expertise, BPI engages with external industry-leading cybersecurity experts to regularly conduct security assessments and penetration testing and to provide BPI with ongoing advice on best practices, threat intelligence and training. All systems relating to the processing of credit and debit card transactions by Boston Pizza Restaurants are required to be compliant with the applicable Payment Card Industry Data Security Standards and Boston Pizza Restaurants are tested annually.

2. Failure of Technology to Remain Current and Satisfy Future Needs

Inherent Risk:

The technology landscape in the restaurant industry is rapidly evolving and advancements in technology are increasingly impacting guests' experiences with restaurants. There is a risk that the technology tools and systems upon which BPI, BP Canada LP and Boston Pizza Restaurants rely to operate their businesses become antiquated or are incapable of satisfying future needs and demands of the business and guests. Any failure of BPI, BP Canada LP and Boston Pizza Restaurants to adequately invest in technology capabilities in a safe and responsible manner may have adverse effects on guest experiences, restaurant operations, efficiency and profitability of Boston Pizza Restaurants.

Potential Impact:

A failure of Boston Pizza's technology to satisfy future needs and demands of the business and guests may have a material adverse effect on Franchise Sales, the resulting Royalty, Distributions and cash available for distribution to Unitholders. In addition, any associated loss of profitability of Boston Pizza Restaurants may increase the probability of them closing.

Mitigation:

BPI recognizes the growing and strategic importance of technology to the Boston Pizza business and has significantly enhanced its technology leadership capabilities in recent years. BPI has a dedicated Senior Vice President of Business Technology on its Executive Team, which highlights the vital role of IT in shaping

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the future, especially enhancing guest experiences and supporting operations and employees in Boston Pizza Restaurants. BPI and BP Canada LP have developed a long-term technology roadmap to guide the ethical development, procurement and use of technology throughout the Boston Pizza system. BPI and BP Canada LP are constantly evaluating new technologies, including artificial intelligence, with a view to balancing enhanced guest experiences, increased efficiencies, capital investment, security and ethical considerations. BPI has relationships with industry-leading technology suppliers who provide advice to BPI on emerging technology trends within the restaurant industry. Before adopting any new technology, BPI thoroughly tests them in a laboratory environment to evaluate their reliability and performance. Any technology that is shortlisted for implementation is further tested in select Boston Pizza Restaurants prior to being deployed throughout the Boston Pizza system to ensure that it is reliable, performs adequately and is sufficiently secure. BPI also maintains policies regarding safe and responsible use of technology.

ADDITIONAL INFORMATION

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

NOTE REGARDING FINANCIAL INFORMATION OF BPI

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

NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain information in this MD&A constitutes "forward-looking information" that involves known and unknown risks, uncertainties, future expectations and other factors which may cause the actual results, performance or achievements of BPI, the Fund, Boston Pizza Holdings Trust, Royalties LP, Holdings LP, Boston Pizza Holdings GP Inc., Boston Pizza GP Inc., BPCHP, BP Canada LP, Boston Pizza Restaurants or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. When used in this MD&A, forward-looking information may include words such as "anticipate", "estimate", "may", "will", "should", "expect", "believe", "plan", "forecast" and other similar terminology. This information reflects current expectations regarding future events and operating performance and speaks only as of the date of this MD&A.

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

- forecasted capital requirements;
- future distributions and dates that distributions are to be paid or payable;
- how changes in distributions will be implemented;
- how distributions will be funded;
- the maintenance of franchisee relationships;
- increased average cheque levels are achieved through a combination of menu mix change and increases to menu prices;

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- the extent to which menu price increases result in increased average guest cheque being dependent upon consumer reaction to the price increases;
- the "Four Pillars" strategy will continue to focus BPI's and BP Canada LP's efforts to develop new markets and strengthen Boston Pizza's position as Canada's number one casual dining brand;
- the expectation that effective management among the Trustees, BPI and BP Canada LP for the oversight of climate-related risks and opportunities will be essential in ensuring sustainability and long-term success of the Fund, BPI, BP Canada LP and Boston Pizza Restaurants;
- the outcome of the assessment of identifying climate-related risks and opportunities applicable to BPI, BP Canada LP and Boston Pizza Restaurants;
- the expectation that Canada will adopt mandatory reporting requirements regarding climate-related risks and opportunities for public companies in the future;
- BPI, BP Canada LP and Boston Pizza Restaurants having the ability to adapt to evolving economic conditions and to overcome operational challenges;
- the future expansion of Boston Pizza Restaurants;
- the success of the Fund, BPI, BP Canada LP and Boston Pizza Restaurants, including the amount of Franchise Sales, Royalty, Distributions and cash available for distribution depending on both consumer demand and restaurant-level operations;
- consumer demand being driven by consumer confidence and discretionary spending, both of which are influenced by macroeconomic factors such as inflation and interest rates, wage growth and unemployment levels, recession risks, competition within the restaurant industry, evolving consumer preferences, changes in taxation and major geopolitical developments, including tariffs;
- success at the restaurant-level being driven by operational focus, quality and efficiency, which are influenced by operating expertise, the adequacy of labour resources, supply chain availability, input costs and other operational factors;
- heightened trade tensions between Canada and the United States of America having the potential to increase input costs and decrease availability of goods for Boston Pizza Restaurants, together with dampening consumer demand, confidence and discretionary spending and increasing unemployment rates;
- estimates relating to the amount and timing of cash flows related to BPI's contractual obligations and commercial commitments;
- BPI's ability to refinance the Credit Facilities in 2026;
- adjustments to Additional Entitlements that are to occur in the future and when such adjustments will occur;
- that BPI has sufficient cash and capital resources for 2026, and that its current sources of liquidity are sufficient to cover its currently known short and long-term obligations;
- debt of franchisees of BP Canada LP, including degree of debt leverage and interest rate risk;
- BPI constantly monitoring its operations and cash flows to ensure that current and future obligations will be met;
- the Trustees will continue to closely monitor the Fund's available cash balances and distribution levels to maintain a stable and sustainable return for the Unitholders;
- that BPI's and BP Canada LP's aggressive enhancement and promotion of the Boston Pizza brand enhances profitability and facilitates growth of Boston Pizza;
- BPI and BP Canada LP's ability to implement strategies driving higher guest traffic and increased average cheque levels;
- BPI's management remaining proactive and agile, implementing strategies to drive sales, optimize supply chains and deepen guest loyalty, while protecting profitability of Boston Pizza Restaurants;
- the expectation of a solid platform for sustained growth and continued positive sales momentum throughout 2026; and
- the expectation of periodic enhancements and updates to the Brand Impact Report.

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

- absence of amendments to material contracts;
- accuracy of third-party forecasts, research and market intelligence;
- absence of changes in law;

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- protection of BP Rights;
- expectations of future supply and pace of commercial real estate development;
- franchisees' and potential franchisees' access to financing;
- franchisees duly paying franchise fees and other obligations;
- there will be no closures of Boston Pizza Restaurants that materially affect the amount of Royalty paid by BPI to Royalties LP or the amount of Distributions paid by BP Canada LP to Holdings LP;
- future results being similar to historical results;
- expectations related to future general economic conditions;
- the impact and response to climate-related risks and climate change;
- the impact of and response to changing competitive landscapes and guest behaviours;
- the success and impact of Boston Pizza's promotional, sales and marketing tactics;
- strategies and efforts to strive for profitability of BPI, BP Canada LP and Boston Pizza Restaurants;
- ethical and sustainable business practices and strategies;
- the public and guest perception of Boston Pizza;
- management of BPI and BP Canada LP maintaining current strategies to drive higher guest traffic and higher average guest cheques;
- Boston Pizza Restaurants maintaining operational excellence;
- continuing surplus kitchen capacity at Boston Pizza Restaurants;
- Boston Pizza's ability to remain relevant to guests;
- culinary innovation and menu re-pricing;
- continuing operations of key suppliers;
- availability of experienced management and hourly employees;
- the absence of significant supply chain interruptions;
- ability to respond to, address or mitigate changing interest rates, increasing input costs, labour shortages and sustainability or climate-related issues, including extreme weather events;
- ability to obtain qualified franchisees;
- ability to open sufficient new Boston Pizza Restaurants to replace Franchise Sales of Closed Restaurants;
- ability to comply with disclosure obligations pursuant to franchise laws and regulations;
- ability to comply with federal, provincial and local laws and regulations;
- ability to obtain and maintain the necessary licenses, permits and approvals;
- ability to maintain "brand equity", intellectual property and trademark rights;
- ability to obtain and maintain adequate insurance coverage;
- ability to manage liquidity, indebtedness and avoid events of default;
- ability to enter into arrangements with suppliers and distributors to generate competitive pricing for franchisees and revenue for BP Canada LP;
- ability to maintain a stable supply chain;
- ability to attract and retain qualified employees, key personnel and qualified franchisees and operators;
- ability to manage cybersecurity and privacy risks;
- ability to invest and incorporate new equipment and technology;
- ability to adapt to changes in operating environments and economic conditions;
- ability to manage future tax obligations and laws;
- BPI and BP Canada LP's competitive strengths;
- ability to cover forecasted expenditures, capital requirements, commitments and repayments for 2026;
- current sources of liquidity are sufficient to cover currently known short- and long-term obligations;
- estimates and judgments used in accounting based on historical experiences, knowledge of economics, market factors and restaurant industry;
- franchisees' ability to operate restaurants in a manner consistent with BPI's standards; and
- no breaches by the Fund, its subsidiaries, BPI or BPI's Subsidiaries of any covenants in any material contract to which it is party.

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

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

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

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



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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Boston Pizza International Inc.

Opinion

We have audited the consolidated financial statements of Boston Pizza International Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2025 and December 31, 2024
- the consolidated statements of comprehensive (loss) income for the years then ended
- the consolidated statements of changes in shareholder deficiency 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 Entity 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 Entity 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.



Other Information

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

- the information included in Management's Discussion and Analysis.

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 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.

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity 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.

KPMG LLP

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 INTERNATIONAL INC.
Consolidated Statements of Financial Position
(Expressed in thousands of Canadian dollars)

	December 31, 2025	December 31, 2024
Assets		
Current assets		
Cash and cash equivalents	\$ 15,509	\$ 18,528
Accounts and other receivables (<i>notes 4 and 17</i>)	11,294	10,673
Prepaid expenses and other current assets	520	510
Income tax receivable (<i>note 13</i>)	-	36
Advertising fund restricted assets	15,724	14,577
Interest receivable from Boston Pizza Royalties Limited Partnership	377	357
	<u>43,424</u>	<u>44,681</u>
Investment in Boston Pizza Royalties Limited Partnership (<i>note 5</i>)	54,937	42,491
Property and equipment (<i>note 6</i>)	5,406	4,655
Intangible assets (<i>note 7</i>)	4,670	3,963
Deferred income taxes (<i>note 13</i>)	57,802	61,650
Total assets	\$ 166,239	\$ 157,440
Liabilities and Shareholder Deficiency		
Current liabilities		
Accounts payable and accrued liabilities (<i>note 17</i>)	\$ 9,575	\$ 10,075
Income tax payable (<i>note 13</i>)	73	-
Royalty and distributions payable to the Fund (<i>note 17</i>)	4,499	4,435
Deferred revenue	1,264	1,374
Debt (<i>note 8</i>)	3,368	1,536
Lease obligation (<i>note 9</i>)	459	470
Advertising fund restricted liabilities	15,424	13,599
	<u>34,662</u>	<u>31,489</u>
Deferred revenue	1,500	1,570
Debt (<i>note 8</i>)	-	8,368
Lease obligation (<i>note 9</i>)	3,365	2,219
Advertising fund restricted liabilities	3,967	4,054
Other long-term liabilities	1,893	1,475
Boston Pizza Canada Limited Partnership units liability (<i>note 10</i>)	156,614	128,681
Deferred gain (<i>note 11</i>)	213,539	216,366
Total liabilities	415,540	394,222
Shareholder deficiency		
Share capital	33,248	38,248
Accumulated deficit	(282,549)	(275,030)
	<u>(249,301)</u>	<u>(236,782)</u>
Total liabilities and shareholder deficiency	\$ 166,239	\$ 157,440

Subsequent events (*note 19*)

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

Approved on behalf of the Board:


James Treliving, Director

BOSTON PIZZA INTERNATIONAL INC.
Consolidated Statements of Comprehensive (Loss) Income
For the years ended December 31, 2025 and 2024
(Expressed in thousands of Canadian dollars, except per share data)

	2025	2024
Revenue		
Franchise, restaurant and other	\$ 96,120	\$ 91,108
Advertising fund revenue	30,604	28,637
	126,724	119,745
Royalty expense (<i>notes 5 and 17</i>)	39,050	37,266
Distribution expense (<i>notes 10 and 17</i>)	12,837	12,242
Restaurant operating costs	2,167	2,163
Compensation expense (<i>note 17</i>)	21,977	21,129
Advertising fund expense	31,195	27,901
Other expenses (<i>note 15</i>)	6,659	7,928
Depreciation and amortization (<i>notes 6 and 7</i>)	3,033	2,745
Management fee (<i>note 17</i>)	2,000	2,000
Amortization of deferred gain (<i>note 11</i>)	(2,827)	(2,827)
Operating expenses	116,091	110,547
Earnings before interest, fair value loss and taxes	10,633	9,198
Interest income from Boston Pizza Royalties Limited Partnership (<i>note 17</i>)	(4,773)	(4,506)
Interest income on cash and cash equivalents	(502)	(636)
Interest on debt and financing costs	432	742
Interest on lease obligations (<i>note 9</i>)	144	135
Net interest income	(4,699)	(4,265)
Fair value gain on investment in Boston Pizza Royalties Limited Partnership (<i>note 5</i>)	(12,446)	(5,226)
Fair value loss on Boston Pizza Canada Limited Partnership units liability (<i>note 10</i>)	27,933	11,730
Total fair value loss	15,487	6,504
(Loss) earnings before income taxes	(155)	6,959
Current income tax expense (<i>note 13</i>)	3,516	2,892
Deferred income tax expense (<i>note 13</i>)	3,848	1,367
Total tax expense	7,364	4,259
Net and comprehensive (loss) income	\$ (7,519)	\$ 2,700
Basic and diluted (loss) earnings per share	\$ (76.66)	\$ 27.53

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

BOSTON PIZZA INTERNATIONAL INC.
Consolidated Statements of Changes in Shareholder Deficiency
For the years ended December 31, 2025 and 2024
(Expressed in thousands of Canadian dollars)

		Share Capital	Accumulated Deficit	Total Deficiency
Balance – December 31, 2024	\$	38,248	\$ (275,030)	\$ (236,782)
Return of capital (<i>note 16</i>)		(5,000)	-	(5,000)
Net and comprehensive loss for the period		-	(7,519)	(7,519)
Balance – December 31, 2025	\$	33,248	\$ (282,549)	\$ (249,301)
Balance – December 31, 2023	\$	38,248	\$ (277,730)	\$ (239,482)
Net and comprehensive income for the period		-	2,700	2,700
Balance – December 31, 2024	\$	38,248	\$ (275,030)	\$ (236,782)

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

	2025	2024
Cash flows generated from (used in)		
Operating activities		
Net and comprehensive income	\$ (7,519)	\$ 2,700
Adjustments for:		
Depreciation and amortization (notes 6 and 7)	3,033	2,745
Current income tax expense (note 13)	3,516	2,892
Deferred income tax expense (note 13)	3,848	1,367
Amortization of deferred gain (note 11)	(2,827)	(2,827)
Bad debt recovery (note 15)	-	(300)
Fair value gain on investment in Boston Pizza Royalties Limited Partnership (note 5)	(12,446)	(5,226)
Fair value loss on Boston Pizza Canada Limited Partnership units liability (note 10)	27,933	11,730
Interest income from Boston Pizza Royalties Limited Partnership (note 17)	(4,773)	(4,506)
Interest on debt and financing costs	432	742
Interest on lease obligations	144	135
Interest income on cash and cash equivalents	(502)	(636)
Change in non-cash working capital (note 18(a))	(973)	(1,151)
Income tax paid	(3,445)	(2,915)
Income tax received	38	175
Interest received on cash and cash equivalents	502	636
Net cash generated from operating activities	6,961	5,561
Financing activities		
Return of capital (note 16)	(5,000)	-
Repayment of debt (note 8)	(6,600)	(1,600)
Payment of debt financing costs	-	(15)
Interest paid on debt, revolving facility and leases	(511)	(753)
Lease obligation payments, net of receipt of tenant inducement (note 9)	(455)	382
Net cash used in financing activities	(12,566)	(1,986)
Investing activities		
Interest received from investment in Boston Pizza Royalties Limited Partnership	4,753	4,472
Purchase of property and equipment, net (note 18(b))	(263)	(447)
Purchase of intangible assets, net (note 18(b))	(1,904)	(1,104)
Net cash generated from investing activities	2,586	2,921
(Decrease) increase in cash and cash equivalents	(3,019)	6,496
Cash and cash equivalents – beginning of period	18,528	12,032
Cash and cash equivalents – end of period	\$ 15,509	\$ 18,528

Supplemental cash flow information (note 18)

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

BOSTON PIZZA INTERNATIONAL INC.
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 International Inc. was incorporated on May 26, 1982 under the laws of British Columbia and continued under the *Canada Business Corporations Act* on August 26, 2002. The principal business office is located at 13571 Commerce Parkway, Richmond, BC.

These consolidated financial statements include the accounts of Boston Pizza International Inc., its wholly-owned subsidiaries Laval Corporate Training Centre Inc., Front & John Pizza Ltd. (“**F&J**”), Stadium District Pizza Ltd. (“**Stadium**”), Boston Pizza Canada Holdings Partnership (“**BPCHP**”) and Boston Pizza Canada Holdings Inc. (“**BPCHI**”), and the accounts of Boston Pizza Canada Limited Partnership (“**BP Canada LP**”), collectively the “**Company**” or “**BPI**”. James Treliving Holdings Ltd. (“**JTHL**”) is the sole shareholder of the Company, owning 100% of BPI. BPI sold two corporately owned Boston Pizza restaurants in 2023. These restaurants had been operated by wholly owned subsidiaries Stadium and F&J. During the year, BPI voluntarily dissolved each of Stadium and F&J into BPI.

BPI pays Boston Pizza Royalties Income Fund (the “**Fund**”) a royalty of 4.0% (the “**Royalty**”) of Franchise Sales (defined in note 2(c)) of Boston Pizza restaurants in the Royalty Pool (defined in note 5). The Fund, through its indirect investment in BP Canada LP is entitled to receive a distribution (the “**Distribution**”) equal to 1.5% of Franchise Sales of Boston Pizza restaurants in the Royalty Pool (the “**Franchise Sales Participation**”) less the pro rata portion payable to BPI in respect of its retained interest in the Fund. BP Canada LP, a British Columbia limited partnership controlled and operated by BPI, is the exclusive franchisor of the Boston Pizza concept in Canada.

(b) Nature of operations

The Company’s principal business activity is the operation and franchising of Boston Pizza restaurants in Canada. As at December 31, 2025, approximately 370 Boston Pizza restaurants were in operation.

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 approved by the Director for issue on February 12, 2026.

2. Basis of preparation (continued)

(b) Functional and presentation currency

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

(c) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity 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 and in future periods affected. Significant areas requiring the use of management estimates and judgment are as follows:

Estimates

- **Investment in Boston Pizza Royalties Limited Partnership ("Royalties LP")**

The investment in Royalties LP is principally comprised of Class B general partner units ("**Class B Units**"). The value of additional Boston Pizza restaurants rolled into the Royalty Pool (defined below) is also recognized within the Company's investment in Royalties LP through the additional entitlement of Class B Units. Annually, on January 1 (each, an "**Adjustment Date**"), the number of Boston Pizza restaurants in the Royalty Pool on which the Company pays a Royalty to the Fund are adjusted to include the sales subject to royalty fees ("**Franchise Sales**") from new Boston Pizza restaurants opened on or before December 31 of the prior year, less Franchise Sales from any Boston Pizza restaurants that have permanently closed during the year. In return for adding this net Franchise Sales to the Royalty Pool, BPI receives the right to indirectly acquire additional units of the Fund ("**Fund Units**") in respect of its Class B Units (the "**Class B Additional Entitlements**"). BPI receives 80% of the estimated Class B Additional Entitlements on the Adjustment Date with the balance (the "**Class B Holdback**") received once the performance of the new Boston Pizza restaurants and actual effective tax rate of the Fund are known with certainty. As such, the calculation is dependent on a number of variables including the estimated sales of the new Boston Pizza restaurants and a tax rate. The value of the Class B Additional Entitlements as a result of adding new Boston Pizza restaurants to the Royalty Pool could differ from actual results.

- **Class B Unit Fair Value Adjustment**

The Company has elected under IFRS to measure the Class B Units as a financial asset at fair value through profit and loss. This requires that the Company use a valuation technique to determine the value of the Investment in Royalties LP at each reporting date (refer to *note 12*).

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

2. Basis of preparation (continued)

(c) Use of estimates and judgments (continued)

Estimates (continued)

- **BP Canada LP Units Liability and Fair Value Adjustment**

The Company has elected under IFRS to measure the Class 1 limited partnership units (“**Class 1 LP Units**”) and Class 2 limited partnership units (“**Class 2 LP Units**”) of BP Canada LP as financial liabilities at fair value through profit and loss because the entitlements to distributions are considered embedded derivatives to the Class 1 LP Units and Class 2 LP Units. This requires that the Company use a valuation technique to determine the value of the BP Canada LP Units Liability at each reporting date (refer to *note 12*).

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

- **Accounts Receivable**

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

Judgment

- **Consolidation**

Applying the criteria outlined in IFRS 10 Consolidated Financial Statements (“**IFRS 10**”), judgment is required in determining whether BPI controls Royalties LP. Making this judgment involves taking into consideration the concepts of power over Royalties LP, exposure and rights to variable returns, and the ability to use power to direct the relevant activities of Royalties LP so as to generate economic returns. Using these criteria, management has determined that BPI does not ultimately control Royalties LP.

Applying the criteria outlined in IFRS 10, judgment is required in determining whether BPI controls BP Canada LP. Making this judgment involves taking into consideration the concepts of power over BP Canada LP, exposure and rights to variable returns, and the ability to use power to direct the relevant activities of BP Canada LP so as to generate economic returns. Using these criteria, management has determined that BPI ultimately controls BP Canada LP through its ability to direct relevant activities to generate economic returns from BP Canada LP and its governance as general partner of BP Canada LP.

BOSTON PIZZA INTERNATIONAL INC.
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 derivative financial instruments and financial instruments which are measured at fair value with changes in value recorded through profit or loss in the statement of comprehensive income. The Company has the following items measured at fair value:

- Investment in Boston Pizza Royalties Limited Partnership relating to the Class B Units (*note 5*)
- BP Canada LP units liability (*note 10*)

(b) Consolidation

These consolidated financial statements include the accounts of the following entities:

Boston Pizza International Inc. and subsidiaries:	
Laval Corporate Training Centre Inc.	100%
Front & John Pizza Ltd.	100%
Stadium District Pizza Ltd.	100%
Boston Pizza Canada Holdings Partnership	100%
Boston Pizza Canada Holdings Inc.	100%
Boston Pizza Canada Limited Partnership	100%

The parent company of BPI is JTHL.

All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Subsidiaries are those entities (including special purpose entities) which the Company controls by having the power to govern the financial and operating policies of such entities so as to obtain economic benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

(c) Advertising Fund

The Company operates an Advertising Fund (the “**Advertising Fund**”) established to collect and administer funds contributed for use in advertising and promotional programs designed to increase sales and enhance the reputation of the Company and its franchisees. The Company collects 3% of Franchise Sales from franchisees and Company-operated restaurants for contribution to the Advertising Fund. These contributions are used for local, regional and national advertising and research, menu development, promotional and loyalty programs, brand protection, administration of the Gift Card Program (defined below), and other administration costs.

3. Material accounting policies (continued)

(c) Advertising Fund (continued)

The Company reports contributions and expenditures on a gross basis on the Company's statement of comprehensive income. Advertising Fund contributions received may not equal advertising expenditures for the period due to timing of promotions and this difference is recognized to earnings. To the extent that cumulative advertising contributions temporarily exceed Advertising Fund expenditures, the difference is recognized as an accrual owed by the Advertising Fund. The assets and liabilities held by the Advertising Fund are considered restricted and are recognized as such on the Company's statement of financial position.

(d) Gift cards

The Company operates a gift card program (the "**Gift Card Program**") which allows customers to prepay for future purchases at participating Boston Pizza restaurants by loading a dollar value onto their gift card through cash or credit card, when and as needed.

The purpose of the Gift Card Program is to expand the Boston Pizza brand through increased exposure, as well as to increase Franchise Sales. The restricted cash related to the gift cards recognized in Advertising Fund restricted assets represents the prepaid amounts not yet redeemed by customers. These cash balances as well as the outstanding customer obligations for these gift cards are recognized as part of the Advertising Fund restricted assets and liabilities on the consolidated statement of financial position.

When a customer uses a gift card to purchase product at a corporately owned and operated Boston Pizza restaurant, the restaurant recognizes the revenue from the sale of the product.

When a customer uses a gift card at a franchised restaurant, the Company recognizes revenues, in the form of franchise fees, arising from the sale of the product.

The Advertising Fund recognizes income on unredeemed gift cards ("**Gift Card Breakage**") when it can determine that the likelihood of the gift card being redeemed is remote and that there is no legal obligation to remit the unredeemed gift card value to relevant jurisdictions. The Company determines Gift Card Breakage based on historical redemption patterns. Based on historical information, the likelihood of a gift card remaining unredeemed can be determined 24 months after the gift card is issued. At that time, breakage income is recognized by the Advertising Fund.

(e) Property and equipment

Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the costs can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statement of comprehensive income during the period in which they are incurred.

BOSTON PIZZA INTERNATIONAL INC.
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)

(e) Property and equipment (continued)

The Company allocates the amount initially recognized in respect of property and equipment to its significant parts and depreciates each such part. Residual values, methods of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as other expense in the statement of comprehensive income.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

The Company provides for depreciation of property and equipment over their estimated useful lives as follows:

Assets	Basis	Rate
Office furniture and equipment	Declining balance	20 – 30%
Right-of-use assets	Straight-line	term of lease
Leasehold improvements	Straight-line	shorter of term of the lease or useful life

(f) Intangible assets

Intangible assets include computer software costs which are amortized on a declining balance basis at a rate of 30% per year. Amortization of intangible assets is charged to depreciation and amortization on the statement of comprehensive income.

(g) Income taxes

Income tax comprises current and deferred taxes. Current tax is the expected tax payable on taxable income for the period, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustments in respect of previous periods.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is primarily provided on temporary differences arising on the investment in Royalties LP, the deferred gain, subsequent additional entitlements, unit sales and non-capital losses.

3. Material accounting policies (continued)

(g) Income taxes (continued)

Deferred income tax assets and liabilities are netted and presented as non-current.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate based on many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expenses in the period that such a determination is made.

(h) Revenue recognition and deferred revenue

(i) Franchise revenues

Monthly franchise fee

Monthly franchise fees are recognized as they are earned.

Franchise fee deposits

Franchise fee deposits are deferred and recognized net of expenses incurred relating to the sale of the franchise. When the franchise commences operations, the franchise deposits are recognized as franchise revenue and the related costs are included as an expense.

Franchisee renewal fees

Franchisee renewal fees related to the franchise agreement are deferred and recognized as revenue over the period of the renewal term.

(ii) Advertising fund revenue

Monthly advertising fees

Monthly advertising fund contributions are recognized as they are earned.

Gift card breakage income

Gift card breakage income is recognized when the likelihood of the gift card being redeemed is remote.

(iii) Corporately owned restaurant revenues

Corporately owned restaurant revenues are recognized at the time of sale.

(iv) Supplier contributions

The Company receives supplier contributions from franchisee suppliers to be used for various franchise activities. Supplier contributions are recognized as other revenue as they are earned.

3. Material accounting policies (continued)

(i) Deferred gain

The gain realized on the sale of the BP Rights is being deferred and amortized over the 99 year term of the license and royalty agreement. Amortization of the gain on BP Rights is recorded as amortization of deferred gain on the statement of comprehensive income. Annually, on January 1, the number of Boston Pizza restaurants in the Royalty Pool on which the Company pays a Royalty to the Fund are adjusted to include Franchise Sales from new Boston Pizza restaurants opened on or before December 31 of the prior year, less Franchise Sales from any Boston Pizza restaurants that have permanently closed during the year. In return for adding this net Franchise Sales to the Royalty Pool, Boston Pizza receives Class B Additional Entitlements and Class 2 Additional Entitlements (defined in *note 10*). The Class B Additional Entitlements are included in the deferred gain.

(j) Financial instruments

(i) Recognition, classification and measurement

Financial assets are initially recognized 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.

Financial liabilities are initially recognized at fair value and subsequently classified as measured at amortized cost or FVTPL. On initial recognition, the Company 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.

3. Material accounting policies (continued)

(j) Financial instruments (continued)

(ii) Business model assessment

The Company 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.

The Company 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.

The carrying value of current financial assets and liabilities approximate their fair value due to their short-term nature. The carrying value of long-term receivables approximates fair value as there are no significant changes in credit risk associated with the receivables since recognition. The long-term debt approximates fair value based on prevailing market interest rates in effect.

(k) Impairment of financial assets

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;

3. Material accounting policies (continued)

(k) Impairment of financial assets (continued)

- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amounts of the assets.

Financial instruments and contract assets

The Company recognizes loss allowances for expected credit losses (“**ECL**”) on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which the credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables are measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. ECLs are probability-weighted estimate of credit losses, and credit losses are measured as the present value of cash shortfalls from a financial asset.

The Company determines whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating lifetime ECLs, by considering reasonably available quantitative and qualitative information based on the Company’s credit risk experience, forward looking information, and other reasonable estimates.

(l) Impairment of non-financial assets

Property and equipment and intangible 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 are subject to an annual impairment test. 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. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

3. Material accounting policies (continued)

(m) Earnings per share

The Company presents basic and diluted earnings per share (“**EPS**”) data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to the common shareholder of the Company by the weighted average number of common shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to the common shareholder and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. There are no dilutive factors affecting EPS for the Company.

(n) 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 Company has assessed these amendments and concluded that they have 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.

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

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4. Accounts and other receivables

	December 31, 2025	December 31, 2024
Trade receivables and other (net of allowance)	\$ 11,143	\$ 10,560
Receivables due from associated companies	151	113
Total receivables	\$ 11,294	\$ 10,673

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

	December 31, 2025	December 31, 2024
Current	\$ 10,228	\$ 9,170
Past due 1-30 days	110	463
Past due 31-60 days	289	705
Past due 61-90 days	128	255
Past due over 90 days	539	80
	\$ 11,294	\$ 10,673

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

The allowance for doubtful accounts was \$1.8 million as at December 31, 2025 (December 31, 2024 – \$1.9 million) with \$0.8 million (December 31, 2024 – \$1.1 million) applied against short-term trade receivables and \$1.0 million against long-term trade receivables (December 31, 2024 – \$0.8 million). The Company's collections policy is to first apply cash receipts against the oldest outstanding invoices.

5. Investment in Boston Pizza Royalties Limited Partnership

Royalties LP was established to hold the trademarks and trade names used in connection with the operation of Boston Pizza restaurants in Canada (collectively, the “**BP Rights**”). Royalties LP and the Company also entered into a license and royalty agreement (the “**License and Royalty Agreement**”) to allow the Company the use of the BP Rights for a term of 99 years commencing in 2002, for which the Company pays Royalties LP a Royalty expense, being 4% of the Franchise Sales of certain restaurants located in Canada (the “**Royalty Pool**”).

The investment in Royalties LP is principally comprised of Class B Units that are exchangeable into Fund units. The value of additional Boston Pizza restaurants rolled into the Royalty Pool (as defined in the License and Royalty Agreement) is also recognized within the Company’s investment in Royalties LP through the additional entitlement of Class B Units. Annually, on the 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 to the Fund, BPI receives Class B Additional Entitlements to indirectly acquire additional Fund Units. BPI receives the Class B Holdback once the performance of the new Boston Pizza restaurants and the actual effective tax rate paid by the Fund are known for certain.

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, the Company would not receive any additional Class B Additional Entitlements, however, nor would the Company lose any of the Class B Additional Entitlements previously received. Rather, on future Adjustment Dates, the Company 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 Class B Additional Entitlements.

The investment in Royalties LP is considered an equity interest. The Fund controls the relevant activities of Royalties LP and thus consolidates its financial results. The Class B Units are accounted for as a financial asset which is measured each reporting date at fair value. The value of the investment has exposure to variability as it relates to the Company’s ownership of the Class B Units measured at fair value using the closing price of a Fund Unit. The determination of the fair value of the Investment in Royalties LP is described in *note 12(a)(i)*. The statement of comprehensive income includes interest revenue as earned, and the impact of the fair value adjustments on the Class B Units.

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5. Investment in Boston Pizza Royalties Limited Partnership (continued)

The investment in Royalties LP is comprised of:

(in thousands, except unit data)	Issued and outstanding Class B additional entitlements	Issued and outstanding Class B additional entitlements including holdback	Class B Unit Entitlement
Balance as at December 31, 2023	2,430,823	2,430,823	\$ 37,265
Class B Additional Entitlements granted January 1, 2024 ⁽¹⁾	-	-	-
Fair value gain (<i>note 12(a)(i)</i>)	-	-	5,226
Balance as at December 31, 2024	2,430,823	2,430,823	\$ 42,491
Class B Additional Entitlements granted January 1, 2025 ⁽²⁾	-	-	-
Fair value gain (<i>note 12(a)(i)</i>)	-	-	12,446
Balance as at December 31, 2025	2,430,823	2,430,823	\$ 54,937

⁽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 from the Royalty Pool. The estimated 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 between January 1, 2024 and December 31, 2024 were added to the Royalty Pool and the four restaurants that permanently closed during 2024 were removed. The estimated net Franchise Sales from the four new Boston Pizza restaurants less the four Boston Pizza restaurants that permanently closed is negative \$4.0 million. This resulted in 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.

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6. Property and equipment

Cost	Office furniture and equipment	Right-of-use assets	Leasehold improvements	Total
At January 1, 2024	\$ 9,947	\$ 5,553	\$ 2,854	\$ 18,354
Additions	202	-	269	471
Adjustments	-	7	-	7
At December 31, 2024	10,149	5,560	3,123	18,832
Additions	188	-	77	265
Adjustments	-	1,590	-	1,590
At December 31, 2025	\$ 10,337	\$ 7,150	\$ 3,200	\$ 20,687

Accumulated Depreciation	Office furniture and equipment	Right-of-use assets	Leasehold improvements	Total
At January 1, 2024	\$ 8,945	\$ 3,646	\$ 510	\$ 13,101
Depreciation	246	317	513	1,076
At December 31, 2024	9,191	3,963	1,023	14,177
Depreciation	245	372	487	1,104
At December 31, 2025	\$ 9,436	\$ 4,335	\$ 1,510	\$ 15,281

Net book value	Office furniture and equipment	Right-of-use assets	Leasehold improvements	Total
At December 31, 2024	\$ 958	\$ 1,597	\$ 2,100	\$ 4,655
At December 31, 2025	901	2,815	1,690	5,406

As at December 31, 2025, the right-of-use assets included a balance of \$0.7 million in lease incentives (December 31, 2024 – \$0.9 million) which are being amortized over the terms of the leases.

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7. Intangible assets

Cost		Total
At January 1, 2024	\$	26,988
Additions		1,500
At December 31, 2024		28,488
Additions		2,636
At December 31, 2025	\$	31,124

Accumulated Amortization		Total
At January 1, 2024	\$	22,856
Amortization		1,669
At December 31, 2024		24,525
Amortization		1,929
At December 31, 2025	\$	26,454

Net book value		Total
At December 31, 2024	\$	3,963
At December 31, 2025		4,670

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8. Debt

The Company's debt consists of:

	December 31, 2025	December 31, 2024
Term Loan bearing variable interest at CORRA plus the applicable CSA, plus between 1.25% and 2.10% per annum and due in 2026	\$ 3,400	\$ 10,000
Deferred financing fees	(32)	(96)
	3,368	9,904
Current portion of debt	3,400	1,600
Current portion of deferred financing fees	(32)	(64)
	\$ -	\$ 8,368

BPI has credit facilities with a Canadian chartered bank (the "**Bank**") in the amount of up to \$13.4 million expiring on July 1, 2026 (the "**Credit Facilities**"). The Credit Facilities are comprised of:

- (i) a \$10.0 million committed revolving facility to cover BPI's day-to-day operating requirements if needed (the "**Operating Line**"); and
- (ii) a \$3.4 million committed non-revolving term facility that was used to finance the reorganization of BPI and its shareholders that completed on September 30, 2017 (the "**Term Loan**").

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

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

The principal financial covenants of the Credit Facilities are that (a) BPI shall maintain a total funded net debt to EBITDA ratio of not greater than 3.00:1 (tested quarterly on a trailing 12-month basis) and (b) BPI shall not permit its: (i) pre-distribution debt service coverage ratio to be less than 1.25:1 (tested quarterly on a trailing 12-month basis); and (ii) post-distribution debt service coverage ratio to be less than 1.00:1 (tested quarterly on a trailing 12-month basis); and (c) the Class B Units and Class 2 GP Units that BPI has pledged to the Bank and which are exchangeable for Fund Units must have a value,

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8. Debt (continued)

at any time, equal to at least 100% of the outstanding advances under the credit facilities advanced. BPI was in compliance with all of its financial covenants and financial condition tests as at the end of the Period.

In addition to the required quarterly payments of \$0.4 million, BPI made voluntary payments totaling \$5.0 million to the Term Loan during the year ended December 31, 2025. As of December 31, 2025, no amount was drawn on the Operating Line and \$3.4 million was drawn on the Term Loan. BPI expects to refinance its Credit Facilities due in 2026 before its maturity.

BPI previously sold two corporately owned restaurants in 2023. These restaurants were operated by Stadium and F&J, which were wholly owned subsidiaries of BPI. Stadium and F&J previously guaranteed the obligations of BPI to BPI's lenders and guaranteed the obligations of BPI and BP Canada LP to Royalties LP. Both Stadium and F&J previously granted security over all of their assets in support of those guarantees. In September 2025 and with the consent of BPI's lenders and Royalties LP, BPI voluntarily dissolved each of Stadium and F&J into BPI, as neither of Stadium nor F&J had any active business operations. In conjunction with their voluntary dissolution, all remaining assets of Stadium and F&J were transferred to BPI, and BPI assumed all liabilities of Stadium and F&J.

The fair value of the Company's debt was \$3.4 million (December 31, 2024 – \$10.0 million) based on prevailing market rates that approximate the rate on the Company's debt. The impact of a 1% increase in the variable rate would result in a minimal impact on the fair market value.

9. Lease obligations

The Company's lease obligations are initially measured at the present value of the lease payments that are not paid at the commencement date using the Company's incremental borrowing rate. After initial recognition, the lease liabilities are measured at amortized cost using the effective interest method. The Company's lease obligations consist of:

	December 31, 2025	December 31, 2024
Balance, beginning of year	\$ 2,689	\$ 2,987
Adjustments	1,590	157
Principal payments	(455)	(455)
Balance, end of year	3,824	2,689
Current portion of lease obligations	459	470
Long-term portion of lease obligations	\$ 3,365	\$ 2,219

Total cash outflow for leases for the year ended December 31, 2025 was \$0.6 million (2024 – \$0.6 million) which includes \$0.5 million of principal payments (2024 – \$0.5 million) and \$0.1 million in interest for lease obligations (2024 – \$0.1 million). In addition, BPI received \$0.8 million in tenant inducements for the year ended December 31, 2024. Expenses for lease of low-dollar value items are not material. All extension options have been included in the measurement of lease obligations where applicable.

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9. Lease obligations (continued)

The annual lease obligations for the next five years and thereafter are as follows:

	December 31, 2025	December 31, 2024
Within 1 year	\$ 627	\$ 598
2 to 3 years	1,112	850
4 to 5 years	1,024	665
Over 5 years	1,840	1,135
Total undiscounted lease obligations	\$ 4,603	\$ 3,248

10. Boston Pizza Canada Limited Partnership units liability

Limited partnership units

The Class 1 LP Units entitle the Fund to a cash distribution equal to the interest payable on the Fund's Credit Facility D plus 0.05% to a maximum amount of 1.5% of Franchise Sales. The Class 2 LP Units entitle the Fund to a cash distribution equal to 1.5% of Franchise Sales less the Class 1 LP Units distribution amount, less BPI's proportionate share. Refer to *note 12(a)(ii) and (iii)* for the fair value calculation of the BP Canada LP Unit Liability.

The BP Canada LP units liability is comprised of:

(in thousands, except unit data)	Issued and outstanding LP Units		BP Canada LP units liability
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 gain on Class 2 LP Units - cumulative			(18,746)
Class 2 LP Balance at December 31, 2024	5,455,762		95,367
Fair value loss on Class 2 LP Units (<i>note 12 (a)(iii)</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 general partnership units ("**Class 2 GP Units**") of BP Canada LP that are exchangeable for Fund Units. These units are eliminated upon consolidation with BP Canada LP. The Company continues to pay the Fund the balance of the Fund's interest in Franchise Sales of Royalty Pool restaurants in the form of Royalty.

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10. Boston Pizza Canada Limited Partnership units liability (continued)

The number of Fund Units that the Company is entitled to receive in exchange for its Class 2 GP Units is adjusted on each Adjustment 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 the Company is entitled to receive in connection therewith is the “**Class 2 Additional Entitlements**”, and together with the Class B Additional Entitlements, the “**Additional Entitlements**”), with 80% of the estimated Class 2 Additional Entitlements being received on the Adjustment Date with the balance (the “**Class 2 Holdback**”, and together with the Class B Holdback, the “**Holdback**”) being received once the performance of the new restaurants and the actual effective tax rate of the Fund are known for certain, similar to adjustments to the Class B Units that the Company holds.

It is possible for a Deficiency to exist on an Adjustment Date (refer to *note 5*). In such case, the Company would not receive any Additional Entitlements, however, nor would the Company lose any of the Additional Entitlements previously received. Rather, on future Adjustments Dates, the Company 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 also has the right to further increase the Fund’s Franchise Sales Participation by up to an additional 1.5% of Franchise Sales of Royalty Pool restaurants (in 0.5% increments) upon meeting certain financial thresholds designed to ensure that the additional Franchise Sales Participation is accretive to the Fund and that BPI retains the financial capacity to satisfy its obligations to the Fund.

As at December 31, 2025, the Company had the right to receive 831,354 (December 31, 2024 – 831,354) Fund Units when it exercises its rights to exchange its Class 2 GP Units into Fund Units.

(in thousands, except unit data)	Issued and outstanding Class 2 GP additional entitlements	Issued and outstanding Class 2 GP additional entitlements including Class 2 GP holdback
Balance at December 31, 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 from the Royalty Pool. The estimated 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 further 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 is 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 income in an amount equal to the cumulative Deficiency before receiving any further Class 2 GP Additional Entitlements.

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11. Deferred gain

The gain realized on the sale of BP Rights is being deferred and amortized over the 99 years term of the License and Royalty Agreement. In return for adding net Franchise Sales to the Royalty Pool, BPI receives Class B Additional Entitlements which are included in the deferred gain. The Class B Additional Entitlements are calculated as 92.5% of the net Franchise Sales added to the Royalty Pool from the net new Boston Pizza restaurants, multiplied by 4% (being the Royalty that is payable on such net Franchise Sales), multiplied by one minus the effective average tax rate to be paid by the Fund, divided by the yield of the Fund, divided by the weighted average price of a Fund Unit over a specified period. The Company receives 80% of the estimated Class B Additional Entitlements initially with the balance received when the actual full year performance of the new restaurants and the actual effective tax rate of the Fund is known with certainty. Monthly distributions from the Fund are based on full Class B Additional Entitlements and are subject to adjustment early in the next fiscal year when full performance of the restaurants and actual effective tax rate of the Fund is known with certainty. It is possible for a Deficiency to exist where the Company would not receive any Additional entitlements (refer to *note 5*) for the year. In the case of a Deficiency, there will be no amounts added to deferred gain with respect to the year the Deficiency was generated.

	December 31, 2025	December 31, 2024
Balance, beginning of year	\$ 216,366	\$ 219,193
Class B Additional Entitlements ⁽¹⁾	-	-
Amortization of deferred gain	(2,827)	(2,827)
Balance, end of year	\$ 213,539	\$ 216,366

⁽¹⁾ No Class B Additional Entitlements were issued to BPI in 2025 since a Deficiency existed in respect of the January 1, 2025 adjustment date (see *note 5*).

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11. Deferred gain (continued)

The following table summarizes the number of Class B Additional Entitlements received by the Company in return for the net Franchise Sales added to the Royalty Pool from the net new restaurants on January 1:

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

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

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

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

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

12. Financial Instruments

(a) Financial Assets and Liabilities by Categories and Fair Value Information

The following table shows the carrying values of assets and liabilities for each of these categories at December 31, 2025 and 2024. Unless otherwise noted, the fair values on the instruments approximate their carrying amount. The Company must classify fair value measurements according to a hierarchy that reflects the significance of the inputs used in performing such measurements.

The fair values of the financial instruments carried at fair value have been measured by one of the following valuation methods:

- Level 1 – quoted prices (unadjusted) 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 (that is, as prices) or indirectly (that is, derived from prices) observable as of the reporting date.
- Level 3 – valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

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12. Financial Instruments (continued)

(a) Financial Assets and Liabilities by Categories and Fair Value Information (continued)

		December 31, 2025	December 31, 2024
Fair value through profit and loss			
Class B Units Investment in Royalties LP ⁽ⁱ⁾	Level 2	\$ 54,937	\$ 42,491
Class 1 LP BP Canada LP units liability ⁽ⁱⁱ⁾	Level 2	\$ (33,314)	\$ (33,314)
Class 2 LP BP Canada LP units liability ⁽ⁱⁱⁱ⁾	Level 2	\$ (123,300)	\$ (95,367)
Amortized cost			
Cash		\$ 15,509	\$ 18,528
Accounts receivable		\$ 11,294	\$ 10,673
Interest receivable from Royalties LP		\$ 377	\$ 357
Accounts payable and accrued liabilities		\$ (9,575)	\$ (10,075)
Royalty and distributions payable to the Fund		\$ (4,499)	\$ (4,435)
Debt		\$ (3,368)	\$ (9,904)
Lease obligations		\$ (3,824)	\$ (2,689)
Other long-term liabilities		\$ (1,893)	\$ (1,475)

- (i) 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 Class B Units are exchangeable. The Fund estimates the fair value of its Class B Units liability by multiplying the issued and outstanding Class B Additional Entitlements (including Class B Holdback) held by BPI at the end of the period by the closing price of the Fund Units on the last business day of the period. As at 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 valuation of Class B Units at a fair value of \$54.9 million (2024 – \$42.5 million). For the year ended December 31, 2025, the increase of \$12.4 million is due to a fair value gain (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.
- (ii) The Class 1 LP Units are entitled to distributions with respect to the interest cost incurred on a certain credit facility held by the Fund. Thus, the fair value of the Class 1 LP Units is estimated using a market-corroborated input (interest rate on the credit facility). The Company estimates the fair value of Class 1 LP Units at carrying value adjusted for interest rate risk.
- (iii) The Class 2 LP Units have similar cash distribution entitlements and provisions to the Class 2 GP Units held by BPI, which are exchangeable for Fund Units. The fair value of the Class 2 LP Units is determined using a market approach, which involves using observable market prices for similar instruments. The fair value of the Class 2 LP Units is determined by multiplying the issued

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12. Financial Instruments (continued)

(a) Financial Assets and Liabilities by Categories and Fair Value Information (continued)

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 loss on the Class 2 LP units liability for the year ending December 31, 2025 was \$27.9 million (December 31, 2024 – \$11.7 million).

(b) Financial Instruments and Related Risks

The Company primarily has exposure to interest rate risk, liquidity risk and credit risk as they relate to the Company's identified financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair values and future cash flows of the Company's financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate cash flow risk primarily on its bank indebtedness, long-term debt subject to floating rates of interest and lease obligations. The Company is exposed to interest rate fair value risk on its lease obligations subject to fixed rate of interest. The Company monitors its exposure to interest rates by monitoring the fluctuation in the bankers' acceptance rates, prime interest rate and evaluates interest rate swaps when necessary. The Company had \$3.4 million (December 31, 2024 – \$10.0 million) in floating rate debt and \$3.8 million in lease obligations (December 31, 2024 – \$2.7 million) as at December 31, 2025. The annual impact for every 1% increase in the variable rate would result in an additional interest expense of \$0.1 million.

Liquidity risk

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

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

	December 31, 2025	Maturity	December 31, 2024	Maturity
Accounts payable and accrued liabilities	\$ 9,575	< 1 year	\$ 10,075	< 1 year
Royalty and distributions payable to the Fund	\$ 4,499	< 1 year	\$ 4,435	< 1 year
Current portion of debt	\$ 3,368	< 1 year	\$ 1,536	< 1 year
Debt	\$ -	n/a	\$ 8,368	2026
Lease obligations	\$ 3,824	2026-2035	\$ 2,689	2025-2033
Other long-term liabilities	\$ 1,893	2027	\$ 1,475	2026

BPI expects to refinance its Credit Facilities due in 2026 before its maturity.

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12. Financial Instruments (continued)

(b) Financial Instruments and Related Risks (continued)

Credit risk

Credit risk is defined as the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade accounts receivable. The Company's maximum exposure to credit risk is the value of its current and non-current accounts receivable of \$13.1 million (December 31, 2024 – \$12.6 million). The allowance for doubtful accounts was \$1.8 million at December 31, 2025 (December 31, 2024 – \$1.9 million).

(c) Capital disclosures

The Company's objectives in managing its liquidity and capital are:

- To safeguard the Company's ability to continue as a going concern
- Provide financial capacity and flexibility to meet its strategic objectives
- To provide an adequate return to shareholders commensurate with the level of risk
- Return excess cash through dividends and returns of capital

The capital of the Company consists of items included in shareholder deficiency, deferred gain, and debt, net of cash and cash equivalents and undrawn credit facilities as follows:

	December 31, 2025	December 31, 2024
Liquidity:		
Cash	\$ 15,509	\$ 18,528
Undrawn credit facilities (<i>note 8</i>)	10,000	10,000
Total liquidity	\$ 25,509	\$ 28,528
Capitalization:		
Debt (<i>note 8</i>)	\$ 3,368	\$ 9,904
Total debt	\$ 3,368	\$ 9,904
Deferred gain (<i>note 11</i>)	\$ 213,539	\$ 216,366
Shareholder deficiency	(249,301)	(236,782)
	\$ (35,762)	\$ (20,416)

The Company manages its capital mainly through the periodic sales of Class B Units and Class 2 GP Units, accumulated deficit, capital contributions from JTHL, as well as through the use of short-term financing. The Company maintains formal policies to manage capital. Liquidity and capital structure are managed by adjusting for changes to economic conditions, understanding the underlying risks inherent in its operations and managing the capital requirements to maintain and grow its operations.

The Company is not subject to any statutory capital requirements and has no commitments to sell or otherwise issue common shares.

The Company's credit facility includes a \$10.0 million secured line of credit which is subject to certain financial covenants.

The Company's debt includes credit facility agreements that are subject to certain financial covenants (*note 8*).

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13. Income taxes

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

	2025		2024
(Loss) earnings before income taxes	\$ (155)	\$	6,959
Combined Canadian federal and provincial tax rates	26.8%		26.8%
Computed expected tax (recovery) expense	(42)		1,865
Increased (reduced) by:			
Permanent differences	110		3
Fair value adjustment on BP Canada LP units liability	7,492		3,146
Valuation allowance on investment in Royalties LP	-		(667)
Differences from changes in statutory rates and other	(197)		(84)
Other	1		(4)
Income tax expense	\$ 7,364	\$	4,259

BPI's deferred income tax expense is primarily comprised of temporary differences related to the following:

	2025		2024
Fair value adjustment on investment in Royalties LP	\$ 3,184	\$	698
Deferred gain	756		770
Deferred revenue	97		102
Non-capital loss carryforwards	(39)		(95)
Other	(150)		(108)
Deferred income tax expense	\$ 3,848	\$	1,367

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities are:

	December 31, 2025		December 31, 2024
Deferred gain	\$ 57,270	\$	58,026
Investment in Royalties LP	(3,882)		(698)
Deferred revenue	590		687
Non-capital loss carryforwards	2,245		2,206
Other	1,579		1,429
Deferred income tax asset	\$ 57,802	\$	61,650

The Company believes that it is probable that the results of future operations will generate sufficient taxable income to realize the above noted deferred income tax assets.

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14. Share capital

The Company has an unlimited number of Common Shares without par value authorized of which 98,087 were issued and outstanding as at December 31, 2025 and 2024.

15. Other expenses

The following are the components of other expenses:

	December 31, 2025	December 31, 2024
Marketing and advertising	\$ 2,380	\$ 3,680
Travel	1,585	1,770
Office, rent and utilities	702	615
Research and development	632	818
Professional fees	553	603
Bad debt recovery	-	(300)
Other	807	742
	\$ 6,659	\$ 7,928

16. Return of Capital

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

17. Related party and subsidiary transactions

The following are components of related party and subsidiary transactions:

	December 31, 2025	December 31, 2024
Accounts receivables due from associated companies	\$ 151	\$ 113
Interest receivable from Royalties LP	377	357
Accounts payable due to associated companies	233	440
Royalty payable to Royalties LP	3,424	3,378
Distributions payable to Holdings LP	1,075	1,057
	2025	2024
Fees charged to the Fund in respect of administrative services ⁽¹⁾	\$ 455	\$ 444
Royalty expense to the Fund	39,050	37,266
Distribution expense to the Fund	12,837	12,242
Management fees paid to a company under common control	2,000	2,000
Interest income from Royalties LP	(4,773)	(4,506)
Key management personnel compensation	5,994	5,624

⁽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 included in Franchise, restaurant and other revenue.

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18. Supplemental cash flow information

(a) Change in non-cash operating items:

	2025	2024
Accounts receivable	\$ (621)	\$ (918)
Prepaid expenses and other current assets	(10)	1,913
Advertising fund restricted assets	(1,147)	1,895
Accounts payable and accrued liabilities	(817)	(1,052)
Royalty and distributions payable to Fund	64	23
Advertising fund restricted liabilities	1,738	(2,631)
Deferred revenue	(180)	(381)
	\$ (973)	\$ (1,151)

(b) Supplementary information:

	2025	2024
Non-cash transactions:		
Changes in property & equipment additions included in accounts payable	\$ (2)	\$ (23)
Changes intangible asset additions included in accounts payable	(732)	(396)
Amortization of deferred financing fees, net against debt	(64)	(61)
Lease obligation non-cash adjustments	(1,590)	(7)

19. 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 total number of 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 (total of \$2.2 million) on future Adjustment Dates by first adding Royalty and Distribution in an amount equal to the 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.

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ROYALTIES INCOME FUND



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