PIZZA PIZZA ROYALTY CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS

SELECTED FINANCIAL HIGHLIGHTS

The following tables set out selected financial information and other data of Pizza Pizza Royalty Corp. ("PPRC" or the "Company") and should be read in conjunction with the March 31, 2025 unaudited interim condensed consolidated financial statements of the Company ("Financial Statements"). Readers should note that the 2025 results are not directly comparable to the 2024 results due to there being 794 restaurants in the 2025 Royalty Pool compared to 774 restaurants in the 2024 Royalty Pool.

(in thousands of dollars, except number of restaurants, days in the year, per share amounts, and noted otherwise)		Three months ended March 31, 2025		Three months ended March 31, 2024
Restaurants in Royalty Pool[1]		794		774
Same store sales growth[2]		1.2%		1.7%
Days in the Period		90		91
System Sales reported by Pizza Pizza restaurants in the Royalty Pool[6]	$	129,820	$	128,284
System Sales reported by Pizza 73 restaurants in the Royalty Pool[6]		21,503		20,611
Total System Sales	$	151,323	$	148,895
Royalty – 6% on Pizza Pizza System Sales	$	7,789	$	7,697
Royalty – 9% on Pizza 73 System Sales		1,936		1,855
Royalty – International operations		4		-
Royalty income	$	9,729	$	9,552
Interest paid on borrowings[3] [5]		(317)		(319)
Administrative expenses		(152)		(126)
Interest income		68		120
Adjusted earnings available for distribution to the Company and Pizza Pizza Limited[5]	$	9,328	$	9,227
Distribution on Class B and Class D Exchangeable Shares[4]		(2,760)		(2,872)
Current income tax expense		(1,656)		(1,646)
Adjusted earnings available for shareholder dividends[5]	$	4,912	$	4,709
Add back:				
Distribution on Class B and Class D Exchangeable Shares[4]		2,760		2,872
Adjusted earnings from operations[5]	$	7,672	$	7,581
Adjusted earnings per share[5]	$	0.230	$	0.230
Basic earnings per share	$	0.233	$	0.235
Dividends declared by the Company	$	5,724	$	5,724
Dividend per share	$	0.2325	$	0.2325
Payout ratio[5]		117%		122%

		March 31, 2025		December 31, 2024
Working capital[5] [7]	$	5,195	$	(40,908)
Total assets	$	379,138	$	373,745
Total liabilities	$	75,468	$	75,527

	Q1 2025	Q4 2024	Q3 2024	Q2 2024
(in thousands of dollars, except number of restaurants, days in the quarter, per share amounts and as noted otherwise)				
Restaurants in Royalty Pool[(1)]	794	774	774	774
Same store sales growth[(2)]	1.2%	-3.8%	-5.3%	-3.9%
Days in the quarter	90	92	92	91
System Sales reported by Pizza Pizza restaurants in Royalty Pool[(6)]	$ 129,820	$ 137,721	$ 134,924	$ 133,839
System Sales reported by Pizza 73 restaurants in Royalty Pool[(6)]	21,503	22,820	20,835	21,517
Total System Sales	$ 151,323	$ 160,541	$ 155,759	$ 155,356
Royalty – 6% on Pizza Pizza System Sales	7,789	8,264	8,095	8,030
Royalty – 9% on Pizza 73 System Sales	1,936	2,053	1,876	1,937
Royalty – International operations	4	-	-	-
Royalty income	$ 9,729	$ 10,317	$ 9,971	$ 9,967
Interest paid on borrowings[(3)(5)]	(317)	(326)	(322)	(319)
Administrative expenses	(152)	(221)	(176)	(194)
Interest Income	68	70	93	103
Adjusted earnings available for distribution to the Company and to Pizza Pizza Limited[(5)]	$ 9,328	$ 9,840	$ 9,566	$ 9,557
Distribution on Class B and Class D Exchangeable Shares[(4)]	(2,760)	(2,584)	(2,584)	(2,584)
Current income tax expense	(1,656)	(1,767)	(1,714)	(1,712)
Adjusted earnings available for shareholder dividends[(5)]	$ 4,912	$ 5,489	$ 5,268	$ 5,261
Add back:				
Distribution on Class B and Class D Exchangeable Shares[(4)]	2,760	2,584	2,584	2,584
Adjusted earnings from operations[(5)]	$ 7,672	$ 8,073	$ 7,852	$ 7,845
Adjusted earnings per share[(5)]	0.230	$ 0.245	$ 0.239	$ 0.238
Basic earnings per share	0.233	$ 0.240	$ 0.233	$ 0.233
Dividends declared by the Company	5,724	$ 5,724	$ 5,724	$ 5,724
Dividend per share	0.2325	$ 0.2325	$ 0.2325	$ 0.2325
Payout ratio[(5)]	117%	104%	109%	109%

	Q1 2024	Q4 2023	Q3 2023	Q2 2023
(in thousands of dollars, except number of restaurants, days in the quarter, per share amounts and as noted otherwise)				
Restaurants in Royalty Pool[(1)]	774	743	743	743
Same store sales growth[(2)]	1.7%	4.0%	7.0%	9.4%
Days in the quarter	91	92	92	91
System Sales reported by Pizza Pizza restaurants in Royalty Pool[(6)]	$ 128,284	$ 141,051	$ 141,995	$ 137,656
System Sales reported by Pizza 73 restaurants in Royalty Pool[(6)]	20,611	22,861	21,219	20,820
Total System Sales	$ 148,895	$ 163,912	$ 163,214	$ 158,476
Royalty – 6% on Pizza Pizza System Sales	7,697	8,463	8,520	8,259
Royalty – 9% on Pizza 73 System Sales	1,855	2,058	1,910	1,874
Royalty income	$ 9,552	$ 10,521	$ 10,430	$ 10,133
Interest paid on borrowings[(3)(5)]	(319)	(323)	(322)	(320)
Administrative expenses	(126)	(229)	(123)	(148)
Interest Income	120	115	95	77
Adjusted earnings available for distribution to the Company and to Pizza Pizza Limited[(5)]	$ 9,227	$ 10,084	$ 10,080	$ 9,742
Distribution on Class B and Class D Exchangeable Shares[(4)]	(2,872)	(2,370)	(2,316)	(2,255)
Current income tax expense	(1,646)	(1,834)	(1,833)	(1,766)
Adjusted earnings available for shareholder dividends[(5)]	$ 4,709	$ 5,880	$ 5,931	$ 5,721
Add back:				
Distribution on Class B and Class D Exchangeable Shares[(4)]	2,872	2,370	2,316	2,255
Adjusted earnings from operations[(5)]	$ 7,581	$ 8,250	$ 8,247	$ 7,976
Adjusted earnings per share[(5)]	$ 0.230	$ 0.255	$ 0.255	$ 0.247
Basic earnings per share	$ 0.235	$ 0.249	$ 0.249	$ 0.241
Dividends declared by the Company	$ 5,724	$ 5,662	$ 5,539	$ 5,417
Dividend per share	$ 0.2325	$ 0.230	$ 0.2250	$ 0.2200
Payout ratio[(5)]	122%	96%	93%	95%

(1) The number of restaurants for which the Pizza Pizza Royalty Limited Partnership (the "Partnership") earns a royalty ("Royalty Pool"), as defined in the amended and restated Pizza Pizza license and royalty agreement (the "Pizza Pizza License and Royalty Agreement") and

the amended and restated Pizza 73 license and royalty agreement (the "Pizza 73 License and Royalty Agreement") (together, the "License and Royalty Agreements"). For the 2025 fiscal year, the Royalty Pool includes 694 Pizza Pizza restaurants and 100 Pizza 73 restaurants. The number of restaurants added to the Royalty Pool each year may differ from the number of restaurant openings and closings reported by Pizza Pizza Limited ("PPL") on an annual basis as the periods for which they are reported differ slightly (see "Royalty Pool Adjustments").

(2) Same store sales growth ("SSSG") is a supplementary financial measure under NI 52-112 and therefore may not be comparable to similar measures presented by other issuers. SSSG means the change in Period's gross sales of a particular Pizza Pizza or Pizza 73 restaurant as compared to sales in the previous comparative Period, where the restaurant has been open at least 13 months. Additionally, for a Pizza 73 restaurant whose restaurant territory was adjusted due to an additional restaurant, the sales used to derive the Step-Out Payment (calculated as the difference between the average monthly Pizza 73 Royalty payment attributable to that Adjusted Restaurant in the 12 months immediately preceding the month in which the territory reduction occurs, less the Pizza 73 Royalty payment attributable to the restaurant in the current month) may be added to sales to arrive at SSSG. SSSG does not have any standardized meaning under IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). See "Reconciliation of Non-IFRS Measures".

(3) The Company, indirectly through the Partnership, incurs interest expense on the $47 million outstanding bank loan. Interest expense also includes amortization of loan fees. See "Interest Expense".

(4) Represents the distribution to PPL from the Partnership on Class B and Class D Units of the Partnership held by PPL directly and indirectly through a wholly-owned subsidiary. The Class B and D Units are exchangeable into common shares of the Company ("Shares") based on the value of the Class B Exchange Multiplier and the Class D Exchange Multiplier at the time of exchange as defined in the License and Royalty Agreements, respectively, and represent 26.2% of the fully diluted Shares at March 31, 2025 (December 31, 2024 – 25.2%). During the quarter ended March 31, 2025, as a result of the final calculation of the Exchangeable Class B and Class D Share entitlements related to the January 1, 2024 Adjustment to the Royalty Pool, PPL was paid a distribution on additional Exchangeable Shares as if such Shares were outstanding as of January 1, 2024. Included in the three months ended March 31, 2025, is the payment of $34 in distributions to PPL pursuant to the true-up calculation (March 31, 2024 - PPL received $288).

(5) "Adjusted earnings available for distribution to the Company and Pizza Pizza Limited", "Adjusted earnings from operations", "Adjusted earnings available for shareholder dividends", "Adjusted earnings per Share", "Interest paid on borrowings", "Payout Ratio", and "Working Capital" are non-GAAP financial measures under NI 52-112. They do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. See "Reconciliation of Non-IFRS Measures" and "Interest Expense".

(6) System Sales (as defined in the License and Royalty Agreements) reported by Pizza Pizza and Pizza 73 restaurants include the gross sales of Pizza Pizza company-owned, jointly-controlled and franchised restaurants, and the monthly Make-Whole Payment, excluding sales and goods and service tax or similar amounts levied by any governmental or administrative authority. System Sales do not represent the consolidated operating results of the Company but are used to calculate the royalties payable to the Partnership as presented above.

(7) Working capital for 2024 includes the reclassification of the $47 million credit facility to current liabilities, see "Working Capital". Excluding the reclassification, working capital would be $6.1 million.

OVERVIEW AND BUSINESS OF THE COMPANY

The following Management's Discussion and Analysis (the "MD&A") is a discussion of the results of operations and financial condition of the Company for the three months (the "Quarter") ended March 31, 2025. The Financial Statements of the Company are prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board. The MD&A has been prepared as of May 7, 2025.

The Company, indirectly through the Partnership, owns the trademarks, trade names and other intellectual property used by PPL in its Pizza Pizza and Pizza 73 restaurants and in its international franchising business. The Pizza Pizza trademarks, trade names and other intellectual property (the "Pizza Pizza Rights") were licensed to PPL in 2005 for 99 years for which PPL pays the Partnership a royalty equal to 6% of the System Sales of its Pizza Pizza restaurants in the Royalty Pool. On July 24, 2007, the Partnership acquired the trademarks, trade names and other intellectual property of Pizza 73 (the "Pizza 73 Rights") from Pizza 73 Inc. and licensed them to PPL for 99 years, for which PPL pays a royalty equal to 9% of the System Sales of the Pizza 73 restaurants in the Royalty Pool. The Partnership is also entitled to receive royalty payments based on PPL's international franchising activities using the Pizza Pizza Rights. For 2025, the Royalty Pool consists of 694 Pizza Pizza restaurants and 100 Pizza 73 restaurants. Additionally, there were four international franchise restaurants for which royalties commenced in October 2024. These royalties were immaterial to the Company's results.

Readers should note that the number of restaurants added to the Royalty Pool each year may differ from the number of restaurant openings and closings reported by PPL on an annual basis as the periods for which they are reported differ slightly. See "Royalty Pool Adjustments".

About the Pizza Pizza Brand

Pizza Pizza is a franchise-oriented restaurant business operating primarily in the province of Ontario in which it leads the pizza quick service restaurant ("QSR") segment. Of the 693 Pizza Pizza restaurants at March 31, 2025, 687 are franchised or licensed, and six are owned and/or managed as corporate restaurants. Of the 693 restaurants, 205 are non-traditional locations which have limited operating hours and a limited menu.

PPL, a privately-held company, provides a high level of service and operational support to restaurant operators, including turn-key restaurants, a central food distribution centre which supplies all food and non-food items used in Pizza Pizza restaurant operations, and monitoring systems intended to ensure product and service quality and operational consistency across the chain. Pizza Pizza has a modern restaurant system. The centrally-managed renovation or re-imaging program, funded by PPL's franchisees, allows for the continuous renewal of the Pizza Pizza concept.

About the Pizza 73 Brand

There are 104 Pizza 73 locations operating in the QSR segment, principally in the province of Alberta. The majority of the traditional Pizza 73 restaurants are not franchised, but instead are owned and operated as independent businesses. Of the 92 traditional restaurants at March 31, 2025, 12 are franchised or licensed and 80 are jointly-owned by PPL and an independent owner/operator. There are 12 non-traditional locations which have limited operating hours and a limited menu. Pizza 73 currently has seven traditional locations outside of Alberta; five in Saskatchewan and two in British Columbia. Sales through its centralized call centre and on-line ordering, together with those on 3rd party delivery apps, account for approximately 84% of Pizza 73's System Sales. The Pizza 73 business also includes a central food distribution centre in Edmonton.

About the International Franchising Business

In November 2021, the Partnership and PPL entered into a licence and royalty agreement for international operations (the "International Agreement"), under which PPL may be granted licences to use the Pizza Pizza Rights in connection with the business of franchising, licensing and/or operating restaurants dedicated to the sale of pizza and related products in designated territories outside of Canada. PPL is currently using the International Agreement in its Mexico expansion. In consideration of the licence for Mexico, PPL is required to pay the Partnership a fee calculated as 12.5% of the royalty received by PPL under PPL's Master Franchise Agreement. The international licence and royalty agreement provides only for a cash royalty payment, and openings and closings of restaurants in Mexico will not result in changes to the Royalty Pool nor to the Class B and Class D Exchange Multipliers. Royalties commenced in October 2024 and as of March 31, 2025, four restaurants were open in Mexico. These royalties are not material to the Company's results.

System Sales and PPL's Interest

A key attribute of the Company is that revenues are based on top-line System Sales of the restaurants in the Royalty Pool and not on the profitability of either PPL or the restaurants. Moreover, the Company is not subject to the variability of earnings or expenses of either PPL or the restaurants. The Company's only expenses are administration expenses, interest on debt, and income taxes. Thus, its success depends primarily on the ability of PPL to maintain and increase System Sales of the Royalty Pool and to meet its royalty obligations. See "Outlook" and "Risks and Uncertainties of the Company".

Increases in System Sales are derived from both the opening of new Pizza Pizza and Pizza 73 restaurants and SSSG. The key metric for yield growth of the Company is SSSG, which is dependent on maintaining operational excellence within each restaurant, general market conditions, pricing, and marketing programs undertaken by PPL.

As of March 31, 2025, PPL indirectly held an effective 26.2% interest in the Company (December 31, 2024 – 25.2%) by holding all Class B and Class D Units of the Partnership, directly and indirectly through its wholly-owned subsidiary Pizza Pizza Holdings Ltd. PPL has the right to exchange one Class B or Class D Unit indirectly for that number of Shares equal to the Class B Exchange Multiplier or Class D Exchange Multiplier, respectively, applicable at the date of such exchange, as described under "Royalty Pool Adjustments".

The Class B and Class D Units are entitled to receive monthly distributions established by PPRC's board of directors. A monthly distribution is paid to both PPL and PPRC on a pro rata ownership basis, with PPRC's ownership held through its Class A and Class C limited partnership units of the Partnership.

ROYALTY POOL ADJUSTMENTS

Annually, on January 1 (the "Adjustment Date"), an adjustment is made to the Royalty Pool to include the forecasted System Sales from new Pizza Pizza restaurants opened on or before December 31 of the prior year, less System Sales from any Pizza Pizza restaurants that have been permanently closed during the year. Once adjusted, the Royalty Pool remains fixed for the year, consequently, the number of stores in the Royalty Pool may vary from the number of stores actually open at any given time during the year. As the Royalty Pool does not reflect current year changes until the next Adjustment Date, the change in the amount of the Royalty due to the Partnership as a result of changes in the System Sales of the Royalty Pool will affect PPL's retained interest through an adjustment to the rate at which the Class B Units of the Partnership may ultimately be exchanged for Shares. On the Adjustment Date, the adjustment to the Class B Exchange Multiplier (as defined in the Pizza Pizza License and Royalty Agreement) involves first calculating the "Determined Amount", which is defined as 92.5% of the royalty revenue added to the Royalty Pool, divided by the prevailing yield of the Shares. Beginning January 1, 2012, the Determined Amounts are multiplied by a number equal to (1-Tax%) where "Tax%" is an estimate of the Company's effective tax rate for the year (determined using the total income taxes expensed by the Company during the fiscal year divided by the total cash received by the Company during that fiscal year) (i.e., for the Adjustment Date of January 1, 2025, it will be the effective Company tax rate for the year ended December 31, 2024). This estimate of the effective tax rate will be subject to an adjustment when the actual effective entity level tax rate of the Company for the year is known. The Determined Amount is multiplied by 80%, then divided by the current market price of the Shares, and then further divided by the number of Class B Units outstanding. This fraction is added to the Class B Exchange Multiplier from the preceding year, which was "one" on the closing of the initial public offering of the Company's predecessor. On the following Adjustment Date, a second adjustment to the Class B Exchange Multiplier will be made in the same manner once the System Sales for new restaurants are known with certainty. The adjustment for new restaurants rolled into the Royalty Pool is designed to be accretive for current shareholders.

In the case where System Sales of the closed restaurants exceed the additional System Sales of the restaurants added to the Royalty Pool, the royalties on the deficit (the "Make-Whole Carryover Amount"), will be paid by PPL to the Partnership in that year, and will be carried over and continue to be paid for subsequent years, until on an Adjustment Date, additional sales of new restaurants are sufficient to offset the System Sales attributable to all closed restaurants. Additionally, per the Pizza Pizza License and Royalty Agreement and the Partnership's Amended and Restated Limited Partnership Agreement (the "Partnership Agreement") whenever the Determined Amount is negative it shall be deemed to be zero.

If, during a year, a Pizza Pizza restaurant is closed, the sales of the restaurant from the closing date would no longer be included in the calculation of the royalty payable to the Partnership by PPL. To compensate for this, in certain circumstances, the Partnership Agreement provides that an amount (the "Make-Whole Payment") reflecting the reduction in the royalty resulting from the restaurant closure will be paid by PPL to the Partnership for the balance of the year in which the restaurant was closed, commencing from the closing date. The Make-Whole Payment will be the sales of the closed restaurant for the first 52-week period in which it was included in the Royalty Pool multiplied by the royalty rate, one twelfth of which is payable each month until the Adjustment Date.

Similarly, on the Adjustment Date, a separate adjustment is made to the Royalty Pool for the Pizza 73 restaurants. The Royalty Pool is increased to include the forecasted System Sales from new Pizza 73 restaurants opened on or before September 1 of the prior year, less System Sales from any Pizza 73 restaurants that have been permanently closed during the year. On the Adjustment Date, the adjustment to the Class D Exchange Multiplier is calculated in a similar manner as the Class B Exchange Multiplier described above.

RESTAURANTS ADDED TO THE ROYALTY POOL

2024 Royalty Pool Adjustment
In early January 2025, a second adjustment was made to the royalty payments and PPL's Class B Exchange Multiplier based on the actual performance of the 41 new restaurants added to the Royalty Pool on January 1, 2024. As a result of the adjustments, the Class B Exchange Multiplier is 2.449489 and Class B Units can be exchanged for 6,143,904 shares effective January 1, 2024.

In early January 2025, a second adjustment was made to the royalty payments and PPL's Class D Exchange Multiplier based on the actual performance of the four Pizza 73 restaurants added to the Royalty Pool on January 1, 2024. The final 2024 Pizza 73 Royalty Pool adjustment confirmed that $850,000 was applied against the Make-Whole Carryover Amount. The Make-Whole Payment will continue to be paid for subsequent years, until on an Adjustment Date, additional System Sales of additional restaurants are sufficient to offset the Pizza Pizza System Sales attributable to all closed Pizza 73 restaurants. As a result of the adjustments, the Class D Exchange Multiplier is unchanged at 22.44976 and Class D Units can be exchanged for 2,244,975 shares effective January 1, 2024.

2025 Royalty Pool Adjustment – Class B Exchange Multiplier
On January 1, 2025, 22 net Pizza Pizza restaurants were added to the Royalty Pool as a result of 44 new restaurants opening and 22 closing from January 1, 2024 to December 31, 2024. The total number of Pizza Pizza restaurants in the Royalty Pool has increased to 694. The additional System Sales from the 44 new restaurants are estimated at $12,943,000 annually, less sales of $3,583,000 from the 22 permanently closed Pizza Pizza restaurants. As a result, $9,360,000 net, estimated Pizza Pizza sales were added to the Royalty Pool, resulting in an Estimated Determined Amount of $5,695,000 added to the Royalty Pool.

The yield of the shares was determined to be 7.07% calculated using $13.16 as a weighted average share price. Weighted average share price is calculated based on the market price of the shares traded on the Toronto Stock Exchange during the period of twenty consecutive days ending on the fifth trading day before January 1, 2025. As a result of the contribution of the additional net sales to the Royalty Pool, the Class B Exchange Multiplier increased fractionally by 80% of the total adjustment or 0.130872 (representing 346,317 additional exchangeable shares); the new Class B Multiplier is 2.587561. This adjustment will also increase the entitlement of the holders of the Class B units to distributions of cash and allocations of income from the Partnership. The second adjustment to the Class B Exchange Multiplier will be adjusted to be effective January 1, 2025, once the actual performance of the new restaurants is determined in early 2026.

2025 Royalty Pool Adjustment – Class D Exchange Multiplier
On January 1, 2025, two net Pizza 73 restaurants were removed from the Royalty Pool as a result of one new restaurant opening between September 2, 2023 and September 1, 2024 and three restaurants closing between January 1, 2024 and December 31, 2024. The forecasted additional System Sales from the one new restaurant is estimated at $286,000 annually, less $384,000 in System Sales attributable to the three closed Pizza 73 restaurants. As a result, $98,000 net, estimated Pizza 73 sales were added to the $647,000 Make-Whole Carryover Amount.

The cumulative Make-Whole Carryover Amount of $745,000 will be carried over, and continue to be paid for subsequent years, until on an Adjustment Date, additional System Sales of additional restaurants are sufficient to offset the Pizza 73 System Sales attributable to all closed Pizza 73 restaurants. The total number of Pizza 73 restaurants in the Royalty Pool has decreased to 100.

The yield of the shares was determined to be 7.07% calculated using $13.16 as a weighted average share price. Weighted average share price is calculated based on the market price of the shares traded on the Toronto Stock Exchange during the period of twenty consecutive days ending on the fifth trading day before January 1, 2025. As per the Pizza Pizza Royalty Limited Partnership agreement, whenever the Estimated Determined Amount is negative it shall be deemed to be zero. Accordingly, the Class D Exchange Multiplier remained unchanged at 22.44976. The second adjustment to the Class D Exchange Multiplier will be adjusted to be effective January 1, 2025, once the actual performance of the new restaurant is determined in early 2026.

Pizza Pizza Royalty Corp. Outstanding Shares
In exchange for adding the forecasted Pizza Pizza System Sales to the Royalty Pool, PPL has received 346,317 additional equivalent Shares (through the change to the Class B Exchange Multiplier). These represent 80% of the forecasted equivalent Shares entitlement to be received (432,896 equivalent Shares represent 100%), with the final equivalent Shares entitlement to be determined when the new restaurants' 2025 actual sales performance is known with certainty in early 2026.

PPL's Class D equivalent Share entitlement is unchanged for 2025. In any year that the forecasted System Sales (less closed restaurants sales and other adjustments) is negative, as was the case with the Class D equivalent

Share entitlement calculation for 2025, no increase or decrease in the Exchange Multiplier is made. PPL will only have an increased Class D equivalent Share entitlement for 2025 if the actual sales performance of the new restaurants exceeds the Make-Whole Carryover Amount when the actual sales performance is known with certainty in early 2026.

After giving effect to PPL's entitlement to additional equivalent Shares at January 1, 2025, PPL, directly and indirectly, owns equivalent Shares representing 26.2% of the Company's fully diluted shares.

The chart below shows the Company shares that would be outstanding if all of the Class B and Class D Units held by PPL were converted to Company shares after accounting for their respective multipliers and adjustments as described below, after the impact of the January 1, 2025 Adjustment Date.

Shares outstanding & issuable on January 1, 2025		
Shares outstanding		24,618,392
Class B Exchangeable Shares held by PPL at December 31, 2024	6,045,264	
PPL additional Class B Exchangeable Shares - True-up Holdback as at December 31, 2024	98,640	
Additional PPL Class B Exchangeable Shares as of January 1, 2025	346,317	6,490,221
Class D Exchangeable Shares held by PPL at December 31, 2024	2,244,975	
PPL additional Class D Exchangeable Shares - True-up Holdback as at December 31, 2024	-	
Additional PPL Class D Exchangeable Shares as of January 1, 2025	-	2,244,975
Number of fully diluted shares		33,353,588
		26.2%

SAME STORE SALES GROWTH ("SSSG")

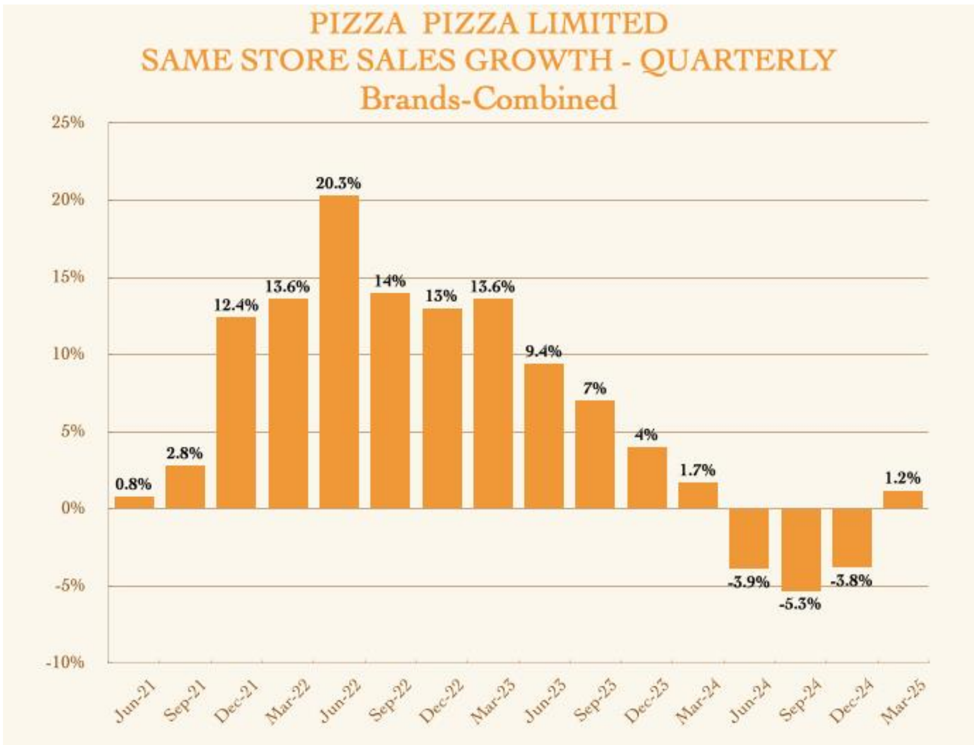
SSSG, the key driver of yield growth for shareholders of the Company, increased 1.2% (2024 – increased 1.7%) for the Quarter. SSSG is not affected by the additional day during 2024, the leap year, as SSSG is calculated using a 13 and 52-week comparative basis. See "Reconciliation of Non-IFRS Measures".

SSSG	First Quarter (%)	
	2025	2024
Pizza Pizza	0.6	0.6
Pizza 73	4.9	8.5
Combined	**1.2**	**1.7**

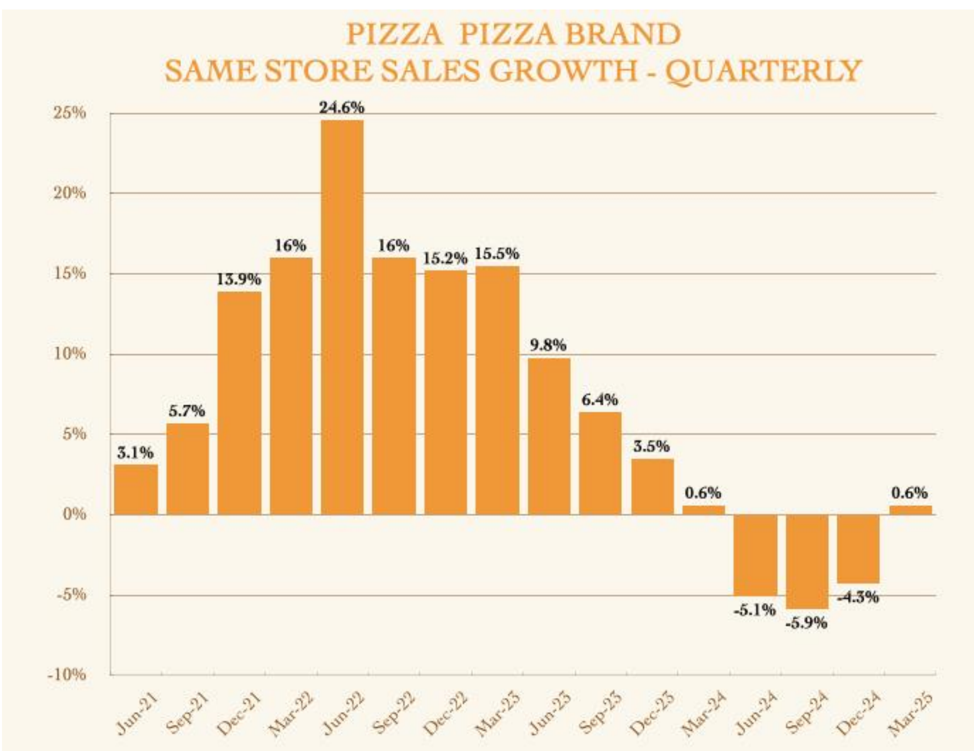
SSSG is driven by the change in the customer check and customer traffic, both of which are affected by changes in pricing and sales mix. During the Quarter, at both brands, restaurant traffic and average customer check increased.

The following charts show historical SSSG performance:

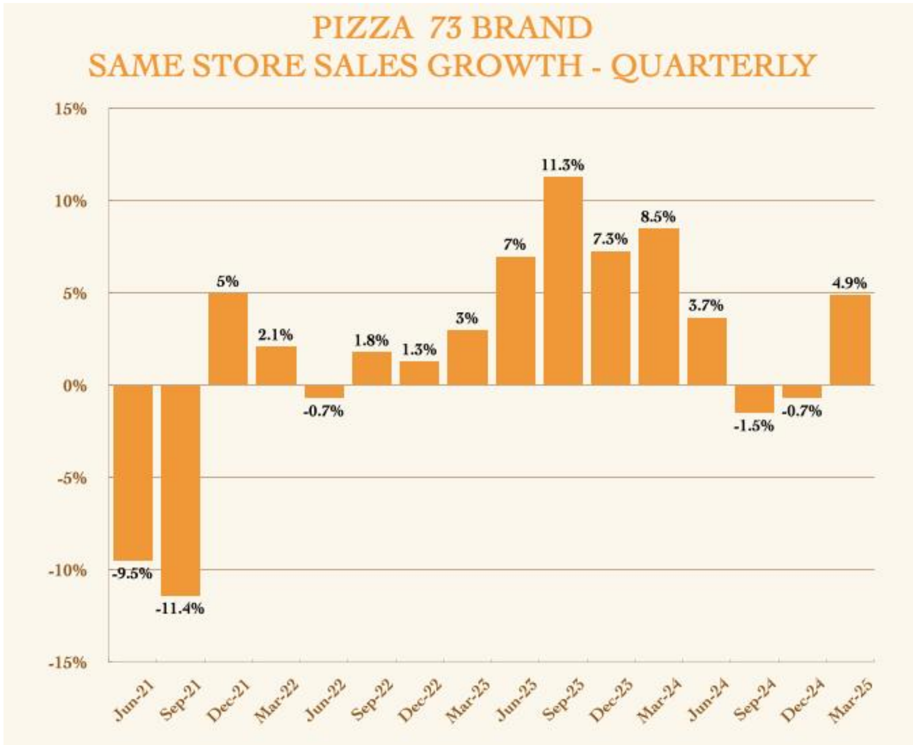
a) Quarterly SSSG, in which both brands are combined:



b) Quarterly SSSG, Pizza Pizza brand only:



c) Quarterly SSSG, Pizza 73 brand only:



ROYALTY POOL SALES

System Sales of the Royalty Pool are affected by the number of restaurants in the Pool for that respective year. For 2025, the number of restaurants in the Royalty Pool increased to 794 on January 1, 2025 (the "Adjustment Date") to include 45 new restaurants less 25 closed restaurants. In the prior year, the Royalty Pool included 774 restaurants.

Royalty Pool System Sales for the Quarter increased 1.6% to $151.3 million from $148.9 million in the same quarter last year. By brand, sales from the 694 Pizza Pizza restaurants in the Royalty Pool increased 1.2% to $129.8 million for the Quarter compared to $128.3 million in the same quarter last year. Sales from the 100 Pizza 73 restaurants increased 4.3% to $21.5 million for the Quarter compared to $20.6 million in the same quarter last year.

For the Quarter, the increase in Royalty Pool System Sales is driven by the same store sales and new restaurants added to the Royalty Pool on January 1, 2025. Additionally, while the number of restaurants in the Pizza 73 Royalty Pool remains less than 2019 when there were 104 restaurants, the negative impact on Royalty Pool System Sales due to prior year restaurant closures has been mitigated by the Make-Whole Carryover Amount. See "Same Store Sales Growth", and "Restaurants Added to the Royalty Pool".

The Pizza Pizza and Pizza 73 restaurants are subject to seasonal variations in their business. System Sales for the quarter ended March 31 have generally been the lowest. System Sales for the quarter ended December 31 have generally been the highest relative to other quarters.

COMPANY OPERATING RESULTS

The Financial Statements incorporate the assets and liabilities of the Company and its subsidiaries as at March 31, 2025 and the operating results of the Company and their subsidiaries for the the Quarter ended March 31, 2025. The Company's subsidiaries and its respective holdings are outlined below:

Subsidiary	Holding
Pizza Pizza Royalty Limited Partnership	73.8%
Pizza Pizza GP Inc.	73.8%

Royalty income earned by the Partnership increased 1.9% to $9.7 million for the Quarter. A 6% royalty was earned on the Royalty Pool of 694 Pizza Pizza restaurants reporting $129.8 million in System Sales for the Quarter, while a 9% royalty was earned on the Royalty Pool of 100 Pizza 73 restaurants reporting $21.5 million in System Sales for the Quarter.

Royalty income for the prior year's comparative quarter was $9.6 million. The 672 Pizza Pizza restaurants in the Royalty Pool reported System Sales of $128.3 million for the comparative quarter, while the 102 Pizza 73 restaurants reported $20.6 million for the comparative quarter.

For the Quarter, the increase in royalty income is largely due to the SSSG and the increase in the number of restaurants in the Royalty Pool. See "Same Store Sales Growth", and "Restaurants Added to the Royalty Pool".

Royalty income from the international licence commenced in October 2024. These royalties are not material to the Company's results. As of March 31, 2025, four restaurants were open in Mexico. See "About the International Franchising Business".

Administrative expenses for the Quarter were $152,000 and $126,000 for the prior year comparative quarter. Administrative expenses are incurred in the Partnership, and consist of director fees, audit, legal and public reporting fees as well as directors & officers' insurance. The increase in the Quarter relates to higher director fees as the Company added an additional director as part of succession planning, and higher legal expenses.

The Company's **Operating earnings** for the Quarter increased 1.6% to $9.6 million compared to $9.4 million in the prior year comparative period. The increase in earnings primarily reflect the change in royalty income. See "Royalty Income".

Interest expense for the Quarter is outlined in the table below.

The Partnership's interest rate swap agreements came into effect in April 2020 and matures in April 2025. The interest rate swap agreements fixed the facility interest rate at the CORRA rate of 1.81% plus a 0.875% credit spread that moves based upon covenant test levels, for an overall rate of 2.685%.

	Three months ended	
(in thousands of dollars)	March 31, 2025	March 31, 2024
Interest expense	312	314
Loan fee amortization	5	5
Interest paid on borrowings and loan fee amortization	317	319

On March 20, 2025, the credit facility was amended and extended for a three year term and as part of the extension, the credit spread range increased. Additionally, on April 3, 2025, the Partnership entered into a three-year forward swap arrangement commencing April 24, 2025. With the new swap and credit spread, the interest rate will increase to 3.51%, comprised of a fixed rate of 2.51% plus a credit spread of 1.0%. See "Credit Facilities".

Distributions made by the Partnership on the Class B and D Exchangable Shares on a per share basis were $0.3090 for the Quarter (2024 - $0.3090). The increase in the number of Class B exchangeable shares relating to the January 1, 2025 vend-in and 2024 true-up increased the overall distributions paid. Additionally, during the

Quarter the Company paid $34,000 to PPL for distributions owing on the Class B exchangeable shares related to 2024 true-up, effective January 1, 2024 ($288,000 in 2024 for the true-up effective January 1, 2023).

Distributions to the Company by the Partnership on its Class A and Class C LP units are calculated on a pro rata ownership basis; the Company owns 73.8% of the Partnership and PPL directly and indirectly owns 26.2%. Monthly, available Partnership funds are distributed based on the percentage ownership. The Company reserves a portion of its monthly distribution for taxes and, on occasion, replenishment of the cash reserve, prior to paying the shareholder dividend. See "Dividends".

Earnings before income taxes measure operations after financing costs. For the Quarter, the Company's reported earnings before income taxes increased to $9.3 million from $9.2 million in the same quarter last year. The increase in earnings reflects the increase in royalty income for the Quarter.

Current income tax expense for the Quarter was consistent with the prior year comparable period at $1.6 million.

Of particular note is that the Company's adjusted earnings from operations before income taxes differs significantly from its taxable income due largely to the tax amortization of the Pizza Pizza and Pizza 73 Rights and Marks, as well as the taxable income allocated to PPL. The amount of tax amortization deducted is based on a declining balance basis and will decrease annually.

Deferred tax expense for the Quarter, a non-cash item, was a recovery and consistent when compared to the same period in 2024 at $0.1 million. Deferred tax expense arises from a temporary timing difference between the accounting and tax basis of the Pizza Pizza and Pizza 73 Rights and Marks.

Earnings for the period attributable to shareholders increased 0.4% to $7.8 million from $7.7 million in the same quarter last year. The increase for the Quarter is the result of the increase in royalty income, as discussed above.

RECONCILIATION OF NON-IFRS MEASURES

The Company's earnings, as presented under IFRS includes non-cash items, such as deferred tax, that do not affect the Company's business operations or its ability to pay dividends to shareholders. The Company believes its earnings are not the only, or most meaningful, measurement of the Company's ability to pay dividends or measure the rate at which the Company is paying out its earnings. Therefore, the Company reports the following non-IFRS measures:

- Adjusted earnings available for distribution to the Company and PPL;
- Adjusted earnings from operations;
- Adjusted earnings available for shareholder dividends;
- Adjusted earnings per share ("EPS");
- Payout Ratio; and
- Working Capital.

The Company believes that the above noted measures provide investors with more meaningful information regarding the amount of cash that the Company has generated to pay dividends, and, together with Interest Paid on Borrowings and SSSG, help illustrate the Company's operating performance and highlight trends in the Company's business. These measures are also frequently used by analysts, investors, and other interested parties in the evaluation of issuers in the Company's sector, particularly those with a royalty-based model. The adjustments to net earnings as recorded under IFRS relate to non-cash items included in earnings and cash payments accounted for on the statement of financial position. Investors are cautioned, however, that this should not be construed as an alternative to net earnings as a measure of profitability. The method of calculating the Company's NI 52-112 non-IFRS financial measures: Adjusted earnings available for distribution to the Company and Pizza Pizza Limited, Adjusted earnings from operations, Adjusted earnings available for shareholder dividends, Adjusted EPS, Payout Ratio, Working Capital, Interest Paid on Borrowings and SSSG for the purposes of this MD&A may differ from that used by other issuers and, accordingly, these measures may not be comparable to similar measures used by other issuers.

The table below reconciles the following to "Earnings for the period before income taxes" which is the most directly comparable measure calculated in accordance with IFRS:

- Adjusted earnings available for distribution to the Company and Pizza Pizza Limited;
- Adjusted earnings from operations; and
- Adjusted earnings available for shareholder dividends.

(in thousands of dollars, except number of shares)	Q1 2025	Q4 2024	Q3 2024	Q2 2024
Earnings for the period before income taxes	**9,328**	**9,840**	**9,566**	**9,557**
Adjusted earnings available for distribution to the Company and Pizza Pizza Limited	**9,328**	**9,840**	**9,566**	**9,557**
Current income tax expense	(1,656)	(1,767)	(1,714)	(1,712)
Adjusted earnings from operations	**7,672**	**8,073**	**7,852**	**7,845**
Less: Distribution on Class B and Class D Exchangeable Shares	(2,760)	(2,584)	(2,584)	(2,584)
Adjusted earnings available for shareholder dividends	**4,912**	**5,489**	**5,268**	**5,261**
Weighted average Shares – diluted	33,353,588	32,908,631	32,908,631	32,908,631

(in thousands of dollars, except number of shares)	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Earnings for the period before income taxes	**9,227**	**10,084**	**10,080**	**9,742**
Adjusted earnings available for distribution to the Company and Pizza Pizza Limited	**9,227**	**10,084**	**10,080**	**9,742**
Current income tax expense	(1,646)	(1,834)	(1,833)	(1,766)
Adjusted earnings from operations	**7,581**	**8,250**	**8,247**	**7,976**
Less: Distribution on Class B and Class D Exchangeable Shares	(2,872)	(2,370)	(2,316)	(2,255)
Adjusted earnings available for shareholder dividends	**4,709**	**5,880**	**5,931**	**5,721**
Weighted average Shares – diluted	32,908,631	32,337,580	32,337,580	32,337,580

The **Basic EPS** and the **Adjusted EPS** calculations are based on fully diluted weighted average shares, and both include PPL's Class B and Class D Exchangeable Shares since they are exchangeable into and economically equivalent to the Shares. See "Adjusted EPS".

Adjusted EPS is calculated by dividing Adjusted earnings from operations, as explained above, by the fully diluted weighted average shares. Adjusted EPS for the Quarter was consistent at $0.230 when compared to the same period in 2024.

Basic EPS is adjusted as follows:	Three months ended March 31, 2025	Three months ended March 31, 2024
Basic EPS	**$ 0.233**	**$ 0.235**
Adjustments:		
Deferred tax expense	(0.003)	(0.005)
Adjusted EPS	**$ 0.230**	**$ 0.230**

Payout Ratio is a non-IFRS financial measure that does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. The Company presents the Payout Ratio to illustrate the earnings being returned to shareholders. The Company's Payout Ratio is calculated by dividing the dividends declared to shareholders by the adjusted earnings from operations, after paying the distribution on Class B and Class D Exchangeable Shares, in that same period.

	Three months ended	
(in thousands of dollars, except as noted otherwise)	March 31, 2025	March 31, 2024
Dividends declared to shareholders	5,724	5,724
Adjusted earnings available for shareholder dividends	4,912	4,709
Payout Ratio	**117%**	**122%**

Working Capital is defined as total current assets less total current liabilities. The Company views working capital as a measure for assessing overall liquidity and its ability to stabilize dividends and fund unusual expenditures in the event of short- to medium-term variability in Royalty Pool System Sales. In 2024, the borrowings of $47.0 million were reclassified to current liabilities as the facility was scheduled to come due in April 2025. On March 20, 2025, the Company renewed its facility for a three-year term and maturity is now April 2028. Excluding the impact of the borrowings in 2024, the working capital reserve would have been $6.1 million as at December 31, 2024. The use of the working capital during the Quarter relates to the payout ratio of 117%.

(in thousands of dollars)	March 31, 2025	December 31, 2024
Total current assets	8,897	9,621
Less: Total current liabilities	3,702	50,529
Working Capital	**5,195**	**(40,908)**

SSSG is a key indicator used by the Company to measure performance against internal targets and prior period results. SSSG is commonly used by financial analysts and investors to compare PPL to other QSR brands. SSSG is defined as the change in period gross sales of Pizza Pizza and Pizza 73 restaurants as compared to sales in the previous comparative period, where the restaurant has been open at least 13 months. Additionally, for a Pizza 73 restaurant whose restaurant territory was adjusted due to an additional restaurant, the sales used to derive the Step-Out Payment may be added to sales to arrive at SSSG (as defined in footnote 2 on page 3). It is a key performance indicator for the Company as this measure excludes sales fluctuations due to store closings, permanent relocations and chain expansion.

The following table calculates SSSG by reconciling Royalty Pool System Sales, based on calendar periods, to PPL's 13-week sales reporting period used in calculating same store sales.

	Three months ended	
(in thousands of dollars)	March 31, 2025	March 31, 2024
Total Royalty Pool System Sales	151,323	148,895
Adjustments for stores not in both periods, Make-Whole Carryover Amount, Step-Out payments, and the impact of calendar reporting	(1,332)	(627)
Same Store Sales	149,991	148,268
SSSG	**1.2%**	**1.7%**

DIVIDENDS

The Company's dividends remained unchanged in the Quarter, as the Company declared shareholder dividends of $5.7 million, or $0.2325 per share, for the Quarter and the prior year comparable quarter. The payout ratio is 117% for the Quarter and was 122% in the prior year, comparable quarter.

Dividends declared for 2025 are as follows:

Period	Payment Date	Amount/share
January 1-31, 2025	February 14, 2025	7.75¢
February 1-29, 2025	March 14, 2025	7.75¢
March 1-31, 2025	April 15, 2025	7.75¢
Total		23.25¢

The Company will continue to closely monitor sales and royalty income to determine when additional dividend adjustments may be warranted. Dividends were funded by cash flow from operations and the working capital reserve. No debt was incurred during the year to fund dividends.

LIQUIDITY & CAPITAL RESOURCES

The Company's policy is to distribute all available cash in order to maximize returns to shareholders over time, after allowing for reasonable reserves. Despite seasonal variations inherent to the restaurant industry, the Company's policy is to make equal dividend payments to shareholders on a monthly basis in order to smooth out income to shareholders. After the reduction in the monthly dividend in April 2020, and the eight subsequent increases, including the most recent increase in November 2023, any further change will be implemented with a view to maintaining the continuity of consistent monthly distributions. It is expected that future dividends will continue to be funded entirely by cash flow from operations and the cash reserve.

The Company's working capital reserve, is $5.2 million at March 31, 2025, which is a decrease of $0.9 million in the Quarter due to the 117% payout ratio. System sales for the quarter ended March 31 have generally been the softest and historically results in a payout ratio over 100%. The reserve is available to stabilize dividends and fund other expenditures in the event of short- to medium-term variability in System Sales and, thus, the Company's royalty income. The Company has historically targeted a payout ratio at or near 100% on an annualized basis. See "Dividends".

Liquidity risk is managed, in part, through cash flow forecasting by the Company. The Company monitors its forecasts of liquidity requirements to ensure it has the ability to meet operational needs with cash on hand and cash from operations and does not require the use of debt to fund operations. Such forecasting involves a degree of judgment, which takes into consideration current and projected macroeconomic conditions and other efforts by the entity including re-financing the existing debt. The Company's debt facility exists to support the historical purchase of the rights and marks.

Credit Facilities

On March 20, 2025, the Partnership amended and extended its $47.0 million credit facility with a syndicate of chartered banks from April 2025 to April 2028. The new credit facility bears interest at the Canadian Overnight Repo Rate Average ("CORRA") rate plus a credit spread of between 1.0% to 1.5%, depending on the level of certain financial ratios. The refinanced facility will be subject to certain financial covenants, specifically a maximum debt-to- earnings before interest, taxes, depreciation and amortization ("EBITDA") ratio, minimum interest coverage ratio and a covenant on distributable cash. On April 3, 2025, the Partnership entered into a three-year forward swap arrangement, commencing April 24, 2025; the credit facility will have a new effective interest rate of 3.51%, comprised of a fixed rate of 2.51% plus a credit spread currently set at 1.00%.

The credit facility includes affirmative and negative covenants customary for agreements of this nature, and as at March 31, 2025 all covenants have been met. The Partnership is required to maintain a funded debt-to-EBITDA ratio not to exceed 2.5:1.0 on a four quarter rolling average and an interest coverage ratio of minimum 3:1. The debt-to-EBITDA ratio for the last four-quarter rolling average is 1.20:1 and the interest coverage ratio is 30.99:1 (December 31, 2024 – 1.20:1). The Partnership is presently making interest-only payments on the non-revolving credit facility. As the debt-to-EBITDA level changes, the credit spread will change as follows:

Debt:EBITDA	Credit Spread
< 1.5:1	1.00%
1.5 - 2.0:1	1.25%
> 2.0:1	1.50%

OUTLOOK

The success of the Company depends primarily on the ability of Pizza Pizza Limited to maintain and increase restaurant sales and to meet its royalty obligations. Increases in restaurant sales are derived from both the opening of new Pizza Pizza and Pizza 73 restaurants and increases in SSSG. SSSG is the key metric for shareholder yield growth.

The Company's royalty income and shareholder value are driven by Pizza Pizza Limited's exploitation of the Pizza Pizza and Pizza 73 intellectual property owned by the Partnership. As the #1 Canadian owned pizzeria, PPL leverages its market-leading positions by staying top-of-mind with consumers. PPL believes its strong market share is the result of providing a variety of high-quality menu offerings, introducing new products and investing heavily in technological innovation.

The Company's working capital reserve is $5.2 million at March 31, 2025, a decrease of $0.9 million in the Quarter (excluding the loan that was refinanced by a long-term facility). The $5.2 million reserve is available to stabilize dividends in the event of short- to medium-term variability in System Sales and, thus, the Company's royalty income. The Company has historically targeted a payout ratio at or near 100% on an annualized basis.

New restaurant construction continues across Canada as PPL executes on its national expansion program. PPL management expects to grow its traditional restaurant network by 2 to 3% in 2025. Additionally, its franchisee pipeline remains strong and its renovation program continues through 2025.

The QSR industry continues to experience headwinds as it navigates ongoing, reduced consumer spending and its impact on foodservice, particularly the delivery channels. In this environment, PPL's sales recovery strategy will leverage its strong everyday value leadership position backed by ongoing enhancement to its menu, restaurants and digital customer experience.

CONTROLS AND PROCEDURES

Internal controls and procedures are designed to provide reasonable assurance that relevant information is gathered and reported to senior management, including the Chief Executive Officer and the Chief Financial Officer of Pizza Pizza GP Inc., managing general partner of the Partnership and administrator of the Company, on a timely basis so that the appropriate decisions can be made regarding public disclosure. Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with IFRS.

Management carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures, and internal controls over financial reporting as of March 31, 2025. It was determined that the Company's disclosure controls and procedures, and internal controls over financial reporting were effective.

During the Quarter, there was no change in the Company's internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

TRANSACTIONS WITH RELATED PARTIES

The Company, through its ownership in the Partnership, has entered into related party transactions with PPL. PPL is considered a related party by virtue of directly and indirectly holding Class B and Class D Units that are exchangeable into common shares of PPRC. Transactions with PPL include: the annual vend-in of restaurants into the Royalty Pool, monthly distributions from the Partnership to its partners, and expenses paid by PPL on behalf of the Partnership. These transactions have been entered into in the normal course of business and are measured at the exchange amount. The transactions with PPL are all pursuant to the terms of the Pizza Pizza Royalty Limited Partnership's Partnership Agreement. See note 8 of the Financial Statements of the Company for further details of the related party transactions.

ACCOUNTING JUDGEMENTS AND ESTIMATES OF THE COMPANY

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are addressed as follows:

Impairment of Rights and Marks
Determining whether the Rights and Marks are impaired requires an estimation of the recoverable amount of the cash generating unit ("CGU") in which the assets are included. The value-in-use calculation requires that the Company estimate the expected future cash flows from royalty income, terminal growth rates and discount rates. The key assumptions used in the impairment tests performed at December 31, 2024 and December 31, 2023 are disclosed in the December 31, 2024 annual audited financial statements.

Consolidation
Determining whether the Partnership is consolidated by the Company or PPL requires judgment. The significant judgments that were used to apply IFRS 10 included assessing which party had the power or current ability to direct decisions over the value creation and maintenance of the Pizza Pizza Rights and Marks and Pizza 73 Rights and Marks in the context of the purpose and design of the Partnership. Based on an assessment of the activities of the Partnership it was concluded that the Company controls the Partnership, and therefore consolidates its operations.

Fair value of derivatives
The fair value of the interest rate swaps that are not traded in an active market is determined using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

RECENT ACCOUNTING PRONOUNCEMENTS

Accounting standards and amendments issued but not yet adopted:

Enhanced presentation and disclosure of financial statements (IFRS 18)
On April 9, 2024, the IASB issued a new standard IFRS 18 *Presentation and Disclosure in Financial Statements* to improve the usefulness and comparability of financial statement information. The new standard replaces IAS 1 and introduces three sets of new presentation and disclosure requirements: (1) it codifies the reporting structure of the income statement and requires defined subtotals; (2) disclosure of management-defined performance measures that relate to the income statement; and (3) enhanced guidance on how to organize information in the financial statements and whether to provide it in the primary financial statements or in the notes. The new standard is effective for annual periods beginning on or after January 1, 2027. The Company is currently assessing whether the new standard will have a material impact on the consolidated financial statements.

RISKS & UNCERTAINTIES OF THE COMPANY

The Company continues to recognize certain risks and uncertainties associated with the ordinary course of business, including those associated with the business and operations of PPL, upon which the Company relies solely for its earnings, liquidity risk and interest rate risk. For a detailed discussion of risks concerning the Company, see "Risk Factors" in the Company's Annual Information Form and note 10 in the Financial Statements, which are available at www.sedarplus.ca, and the PPL financial statements and the related MD&A for the period ended March 30, 2025.

The Restaurant Industry
The performance of the Company is directly dependent upon the royalty and interest payments received from PPL. The amount of royalty received from PPL is dependent on various external factors that may affect the limited-service sector of the restaurant industry. The restaurant industry, generally, is intensely competitive with respect to price, service, location and food quality. Competitors include national and regional chains, as well as independently owned restaurants, third party food delivery services, home meal delivery companies and retailers of frozen pizza. If PPL,

Pizza Pizza franchisees and Pizza 73 operators are unable to successfully compete in the limited-service sector, System Sales may be adversely affected, the amount of royalty reduced and the ability of PPL to pay the royalty may be impaired. Changes in demographic trends, traffic patterns, and the type, number, and location of competing restaurants also affect the restaurant industry. In addition, factors such as government regulations, pandemics and any related restrictions, risk of technology failures and breaches, smoking bylaws, inflation, publicity from any food borne illnesses, increased food, labour and benefits costs, and the availability of experienced management and hourly employees may adversely affect the restaurant industry in general and therefore, potentially, Pizza Pizza and Pizza 73 System Sales. PPL's success also depends on numerous factors affecting discretionary spending, including economic conditions such as inflation and rising interest rates, disposable consumer income and consumer confidence. Adverse changes in these factors could reduce guest traffic or impose practical limits on pricing, either of which could reduce sales and operating income, which could adversely affect revenue, the royalty and the ability of PPL to pay the royalty to the Company. For additional information concerning the performance of PPL and other risk factors, please refer to the PPL MD&A and PPRC's Annual Information Form which are available at www.sedarplus.ca, www.pizzapizza.ca and www.pizzapizzaroyaltycorp.com.

FORWARD-LOOKING STATEMENTS

Certain statements in this report, including information regarding the Company's dividend policy, its ability to meet covenants and other financial obligations, and their ability to achieve their business objectives, constitute "forward-looking" statements, which involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this report, such statements include such words as "may", "will", "expect", "believe", "plan", and other similar terminology in conjunction with a discussion of future events or operating or financial performance. These statements reflect management's current expectations regarding future events and operating and financial performance and speak only as of the date of this MD&A. The Company does not assume any obligation to update any such forward looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. These forward-looking statements involve a number of risks and uncertainties. The following are some factors that could cause actual results to differ materially from those expressed in or underlying such forward-looking statements: changes in national and local business and economic conditions including those resulting from the COVID-19 pandemic (such as customers' ability and willingness to visit restaurants and their perception of health and food safety issues, discretionary spending patterns and supply chain limitations, and the related financial impact on PPL and its franchisees and restaurant operators), impacts of legislation and governmental regulation, accounting policies and practices, competition, changes in demographic trends and changing consumer preferences, and the results of operations and financial condition of PPL. The foregoing list of factors is not exhaustive and should be read in conjunction with the other information included in the foregoing MD&A, the PPL financial statements for the period ended March 30, 2025 and the related MD&A and the Company's Annual Information Form.

ADDITIONAL INFORMATION

Additional information about the Company, including the Company's most recent Annual Information Form, is available on SEDAR at www.sedarplus.ca, www.pizzapizza.ca or at the Company's website www.pizzapizzaroyaltycorp.com.