SIR CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE 12-WEEK AND 36-WEEK PERIODS ENDED MAY 8, 2022

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Q3 2022 Executive Summary

SIR Corp.'s ("SIR's") third quarter of Fiscal 2022 was from February 14, 2022 to May 8, 2022 inclusive. The following is a summary of operational and financial results for SIR's 12-week and 36-week periods ended May 8, 2022 ("Q3 2022" and "YTD 2022", respectively):

Coronavirus ("COVID-19") Pandemic:

- The state of the restaurant and bar industry trended positively during Q3 2022 due to increased COVID-19 vaccination rates and the easing of government mandated operating restrictions.
- As of mid-March 2022, all of the remaining indoor dining operating restrictions in each of the provinces, where SIR operates, were lifted. SIR's management continues to navigate and monitor the current operating environment and overall consumer behaviour.
- For more details regarding the operating restrictions that have impacted SIR since the onset of the pandemic up until the start of Q3 2022, please refer to SIR Royalty Income Fund's (the "Fund") and SIR's prior interim filings, which can be found on SEDAR at www.sedar.com under the Fund's profile.

  Ontario

  - Effective January 31, 2022, restaurants, bars and other food and drink establishments without dance facilities in Ontario (where SIR operates 46 restaurants) were permitted to operate at 50% indoor capacity (with proof of vaccination in place).
  - Effective February 17, 2022, restaurants, bars and other food and drink establishments without dance facilities were allowed to operate at full indoor capacity (with proof of vaccination in place).
  - Effective March 1, 2022, the government of Ontario lifted capacity limits at all indoor public settings and proof of vaccination requirements. Effective March 21, 2022, masks were no longer required in most indoor settings, including restaurants and bars.

  Quebec

  - Effective January 31, 2022, restaurants in Quebec (where SIR operates 4 restaurants) were permitted to reopen at 50% indoor capacity with tables of up to four people. Alcohol service was restricted until 11 p.m. with restaurant closures by midnight.
  - Effective February 28, 2022, bars were allowed to operate at 50% capacity with last call for alcohol at midnight and a closing time of 1 a.m.
  - Effective March 12, 2022, restaurants and bars were allowed to operate at full indoor capacity, and vaccine requirements were lifted. Effective May 14, 2022, masks were no longer required in most indoor settings, including restaurants and bars.

  Nova Scotia

  - Effective February 14, 2022, restaurants and bars in Nova Scotia (where SIR operates 2 restaurants) were permitted to operate at 75% capacity with public health measures including proof of vaccination, social distancing and masking remaining in place, and were required to close by 1 a.m.
  - Effective March 21, 2022, all remaining COVID-19 restrictions were lifted.

  Newfoundland

  - Effective February 7, 2022, restaurants in Newfoundland (where SIR operates 1 restaurant) were allowed tables of up to 10 people. Proof of vaccination, masking and physical distancing remained in effect.
  - Effective March 14, 2022, all remaining COVID-19 restrictions were lifted.

- SIR's insurer has denied any business interruption claims due to COVID-19 related operating restrictions or closures. However, SIR continues to pursue a Business Interruption claim due to Civil Authority orders against its insurer by way of Notice of Application in the Ontario Superior Court which was heard on May 19, 2021, June 2, 2021, November 25, 2021, December 8, 2021 and May 9, 2022. The courts shall render a decision within six months of the last hearing on May 9, 2022. This claim includes a rider provision to SIR's property policy which is in favor of the Fund and covers income reduction for lost royalties for a maximum of 180 days. There can be no assurance this action will be successful.

Amendments to SIR's Credit Agreement, payment of royalties and interest on the SIR Loan

For more details regarding the summary statements on covenant breaches and credit amendments that have occurred since the onset of the pandemic up until the latest amendments on June 16, 2022, please refer to the Fund's and SIR's prior interim filings, which can be found on SEDAR at www.sedar.com under the Fund's profile.

- On May 31, 2021, SIR entered into the Eighth Amending Agreement to its Credit Agreement, which among other things, extended the maturity date of the credit facilities as well as certain waivers to July 6, 2022. SIR has resumed current royalty payments to the SIR Royalty Limited Partnership ("the Partnership") and interest payments on the SIR Loan to the Fund in accordance with the Credit Agreement and the approval of SIR's Lender.
- On May 31, 2021, the Fund and the Partnership entered into an acknowledgement and consent agreement with the Lender; and the Fund, the Partnership and SIR entered into a waiver and extension agreement. The expiration date of certain deferrals in these agreements was extended to July 6, 2022.
- Subsequent to Q3 2022, on June 16, 2022, SIR and its Lender entered into the Ninth Amending Agreement ("Ninth Amendment") to its Credit Agreement. The Agreement provides for the following:
    - extension of the Maturity Date from July 6, 2022 to July 6, 2023 of Credit Facilities 1 and 2,
    - during the Ninth Amendment, the Cumulative Minimum EBITDA financial covenant has been replaced by the two original, pre-pandemic, financial covenants in the Credit Agreement, which are the Fixed Charge Coverage Ratio and the Senior Leverage Ratio, and
    - extension of the $6.25 million guaranteed facility with Export Development Canada ("EDC") through the guaranteed Business Credit Availability Program ("BCAP") ("EDC-Guaranteed Facility") to the Maturity Date of the Credit Agreement – the EDC-Guaranteed Facility can be extended at the Lender's sole discretion by a further of 12 months.

  This extension is intended to address SIR's financial requirements, at least until the Maturity Date of July 6, 2023. There can be no assurance that borrowings will be available to SIR, or available on acceptable terms, beyond the Maturity Date, in an amount sufficient to fund SIR's needs.

  On June 16, 2022, as part of the Ninth Amendment, the Fund and the Partnership entered into an acknowledgement agreement with the Lender acknowledging, among other things:

    - receipt of a copy of the Ninth Amendment, and
    - that none of: entering the agreement, borrowing under the agreement, or performing any of the obligations under the agreement shall breach any of the terms or constitute an event of default under any of the Fund's or the Partnership's existing agreements with the Company.
- Effective September 15, 2021, having met the conditions stipulated by SIR's senior lender (refer to SEDAR for details of the "Eighth Amending Agreement"), SIR began its repayment of deferred royalties and deferred interest on the SIR Loan. Pursuant to the eighth amendment under SIR's Credit Agreement, these amounts were to be repaid over 10 monthly installments of $0.5 million and $0.4 million, respectively. As at May 8, 2022, SIR paid $4.2 million (Q3 2021 - $0.6 million) of deferred royalties owing to the Partnership and $2.8 million (Q3 2021 - $0.3 million) of deferred interest on the SIR Loan owing to the Fund. Effective May 8, 2022, $1.1 million of the deferred royalties remained outstanding to the Partnership and $0.7 million of the deferred interest on the SIR Loan remained owing to the Fund. Subsequent to Q3 2022, the final scheduled deferral payments were made by SIR on May 15, 2022 and June 15, 2022, respectively, enabling SIR to extinguish all liabilities related to these payments.

Consolidated revenue and Same Store Sales[(1)] ("SSS"):

- As previously noted, the easing and eventual lifting of pandemic-related government restrictions throughout the provinces, where SIR operates its restaurants, had a positive impact on SIR's performance during Q3 2022 and YTD 2022.
- Food and beverage revenue from corporate restaurant operations for Q3 2022 totaled $56.5 million, an increase of $40.3 million, compared to Q3 2021. Food and beverage revenue from corporate restaurant operations for YTD 2022 totaled $133.8 million, an increase of $76.0 million compared to $57.8 million for the 36-week period ended

(1) Same store sales ("SSS"), same store sales growth ("SSSG"), Adjusted Net Earnings (Loss), Earnings before interest, tax, depreciation, and amortization ("EBITDA"), and Adjusted EBITDA are non-GAAP financial measures and do not have standardized meanings prescribed by International Financial Reporting Standards ("IFRS"). For additional information regarding these financial measures, including full details on how these financial measures are calculated, see the "Description of Non-IFRS Measures" section of this MD&A (page 22).

May 9, 2021 ("YTD 2021").

- Consolidated SSS(1) increased by 246.5% and 135.9% for Q3 2022 and YTD 2022, respectively.
- SIR's flagship Concept Restaurant brand, Jack Astor's® Bar and Grill ("Jack Astor's"), which generated approximately 74.5% of Pooled Revenue in Q3 2022, had SSS(1) increases of 218.9% and 118.0% for Q3 2022 and YTD 2022, respectively.
- Scaddabush Italian Kitchen & Bar® ("Scaddabush") had SSS(1) increases of 237.8% and 140.6% for Q3 2022 and YTD 2022, respectively.
- Canyon Creek® ("Canyon Creek") had a SSS(1) increase of $0.5 million in Q3 2022 compared to $nil for Q3 2021, and a SSS(1) increase of 979.5% for YTD 2022 compared to YTD 2021.
- The Signature Restaurants had SSS(1) increases of 3515.5% and 1050.7% for Q3 2022 and YTD 2022, respectively.
- Please refer to page 11 for a discussion on the factors that impacted SSS(1) in Q3 2022 and YTD 2022, respectively.

Investment in new and existing restaurants and closed restaurants

SIR's Management is committed to maximizing the performance of all of its restaurants. SIR believes that investing in restaurant renovations is a key performance-enhancing initiative.

During YTD 2022, SIR completed a renovation at its Jack Astor's location at the Square One shopping centre in Mississauga, Ontario. The restuarant was closed for nine days to complete the renovation during Q4 2021. The renovation has resulted in a more engaging and immersive guest experience for younger guests. SIR also converted its Canyon Creek location at the Fallsview Casino Resort in Niagara Falls, Ontario into the new Reds® Kitchen + Wine Bar Fallsview which opened on March 31, 2022. This former Canyon Creek location was a Royalty Pooled Restaurant, but it had not been in operation since the onset of the pandemic in mid-March 2020. In accordance with the License and Royalty Agreement between SIR and the SIR Royalty Limited Partnership, this former Canyon Creek location will be treated as a permanently closed restaurant and the new Reds Kitchen + Wine Bar Fallsview will become a new Royalty Pooled Restaurant effective January 1, 2023.

The last remaining Canyon Creek restaurant, located in Etobicoke, Ontario, in close proximity to the Pearson International Airport, was permanently closed effective May 23, 2022. SIR plans to open a new Scaddabush restaurant at this location in August 2022, which is expected to be added to the Royalty Pooled Restaurants effective January 1, 2023.

SIR's Management continues to monitor the pandemic, economic conditions and consumer confidence. Based on its assessment of these conditions, the timing of restaurant construction and opening schedules will be reviewed regularly by SIR's Management and adjusted as necessary.

SIR began offering Renegade Chicken takeout and delivery services again on a trial basis as of January 27, 2022. The services were initially offered out of 21 Jack Astor's locations in Ontario, with two additional Jack Astor's locations added to the trial as of February 16, 2022. SIR has agreed to pay an amount equal to 6% of the revenues earned from the trial to the SIR Royalty Limited Partnership ("the Partnership"). The trial was initially scheduled to continue until March 31, 2022, at SIR's option. Effective March 29, 2022, SIR opted to extend the trial until August 28, 2022, but it has reduced the number of Jack Astor's locations supporting the trial to eight locations. In exchange, SIR will continue to pay 6% of the revenues arising therefrom to the Partnership. The Trustees of the Fund are supportive of the continuation of the trial. The Renegade Chicken brand offers a variety of fried chicken sandwiches, fingers and wings, paired with freshly cut in-house fries, and is capitalizing on the emergence of fried chicken growth brands in the fast casual dining space.

The pandemic drastically altered SIR's operating environment and put a great deal of stress on its business. As a result, during Fiscal 2021, SIR permanently closed six restaurants, including:

- Effective January 8, 2021, SIR permanently closed the Canyon Creek locations at the Square One shopping centre in Mississauga, Ontario and in Scarborough, Ontario.
- Effective February 9, 2021, SIR permanently closed three restaurants located at the corner of Yonge and Gerrard in downtown Toronto. The three restaurants closed included a Scaddabush, Reds® Midtown Tavern and a Duke's Refresher® & Bar ("Duke's Refresher"). The Scaddabush and Reds locations were part of the Royalty Pool, but the Duke's Refresher was not.
- Effective March 31, 2021, SIR permanently closed the Canyon Creek location in Vaughan, Ontario.

Net Loss and Comprehensive Loss, Adjusted Net Earnings (Loss)(1), EBITDA(1), and Adjusted EBITDA(1)

- Net loss and comprehensive loss was $1.6 million for Q3 2022, compared to net loss and comprehensive loss of $19.4 million for Q3 2021. Net loss and comprehensive loss was $50.8 million for YTD 2022, compared to net loss and comprehensive loss of $33.4 million for YTD 2021.

- Adjusted Net Earnings[1] were $7.8 million in Q3 2022, compared to an Adjusted Net Loss[1] of $5.0 million in Q3 2021. Adjusted Net Earnings [1] were $9.5 million in YTD 2022, compared to an Adjusted Net Loss[1] of $8.1 million in YTD 2021.
- EBITDA[1] and Adjusted EBITDA (loss)[1] were $14.9 million and $10.9 million in Q3 2022, respectively, compared to $3.1 million and ($1.1) million in Q3 2021, respectively.
- EBITDA[1] and Adjusted EBITDA[1] were $30.5 million and $19.5 million in YTD 2022, respectively, compared to $15.4 million and $0.8 million in YTD 2021, respectively.

Overview

SIR is a private company amalgamated under the Business Corporations Act of Ontario. As at May 8, 2022, SIR owned 53 Concept Restaurants and Signature Restaurants in Canada (in Ontario, Quebec, Nova Scotia, and Newfoundland). The Concept Restaurants are Jack Astor's and Scaddabush. The Signature Restaurants are Reds Wine Tavern, Reds Square One, Reds Kitchen + Wine Bar Fallsview and the Loose Moose® Tap and Grill. SIR also owns one Duke's Refresher St. Lawrence Market ("Duke's Refresher") in downtown Toronto and one seasonal restaurant, Abbey's Bakehouse® ("Abbey's Bakehouse"), which are not part of Royalty Pooled Restaurants. SIR owns 100% of all its Canadian restaurants. As at May 8, 2022, 50 SIR Restaurants were included in Royalty Pooled Restaurants.

The COVID-19 pandemic has drastically altered SIR's operating environment and put a great deal of stress on many businesses, including SIR. As a result, during Fiscal 2021, SIR permanently closed six restaurants. For more details on the closed restaurants, please refer to page 5.

On September 26, 2019, SIR opened a new Duke's Refresher in the St. Lawrence Market neighborhood of downtown Toronto. SIR believes that Duke's Refresher has multi-unit growth potential and has advised the Fund that Duke's Refresher should be considered as a potential New Concept Restaurant brand. As such, the earliest that any Duke's Refresher would be added to the Royalty pool would be the Adjustment Date following the earlier of: (i) the date that four Duke's Refresher restaurants are open for business at the same time, and (ii) 90 days following the end of the fiscal year in which revenues from all Duke's Refresher restaurants in Canada first exceed $12.0 million (the "Trigger Event"). As neither of these events have occurred, this restaurant was not added to the Royalty Pool on January 1, 2022. The Duke's Refresher brand is currently being managed and developed by SIR's Signature group. Accordingly, the Duke's Refresher in downtown Toronto is classified as a Signature restaurant for SIR reporting purposes.

On October 1, 2004, the Fund filed a final prospectus for a public offering of Units of the Fund (the "Offering") and the Offering closed on October 12, 2004. The net proceeds of the Offering of $51.2 million were used by the Fund to acquire the SIR Loan and indirectly, through the SIR Holdings Trust (the "Trust"), the SIR Rights owned or licensed by SIR or its subsidiaries and used in connection with the operation of SIR's restaurants in Canada. In 2004, the Partnership granted SIR a 99-year license to use the SIR Rights in most of Canada in consideration for a Royalty, payable by SIR to the Partnership, equal to 6% of the revenue of the Royalty Pooled Restaurants. The Partnership also issued its own securities to SIR in return for the SIR Rights acquired.

SIR's fiscal year is comprised of 52 or 53-week periods ending on the last Sunday in August. Fiscal quarters of SIR consist of sequential accounting periods of 12, 12, 12 and 16 (or 17) weeks, respectively. The fiscal years for 2022 and 2021 consist of 52 weeks.

Seasonality

The full-service restaurant sector of the Canadian foodservice industry, in which SIR operates, experiences seasonal fluctuations in revenues. Favourable summer weather generally results in increased revenues during SIR's fourth quarter (ending on the last Sunday in August) when patios can be open. Certain holidays and observances also affect dining patterns both favourably and unfavourably.

Selected Consolidated Historical Financial Information

The following tables set out selected financial information of SIR for the 12-week and 36-week periods ended May 8, 2022 and May 9, 2021, respectively. The unaudited interim consolidated financial statements of SIR are prepared in accordance with IFRS and are presented in Canadian dollars. This information should be read in conjunction with the annual audited consolidated financial statements of SIR, including the notes thereto.

Statements of Operations and Comprehensive Income (Loss)	12-Week Period Ended May 8, 2022	12-Week Period Ended May 9, 2021	36-Week Period Ended May 8, 2022	36-Week Period Ended May 9, 2021
	(in thousands of dollars) (unaudited)			
Corporate restaurant operations:				
Revenue	56,599	16,301	133,941	57,942
Cost of corporate restaurant operations	42,835	17,989	108,874	63,811
Earnings from corporate restaurant operations	**13,764**	**(1,688)**	**25,067**	**(5,869)**
Net loss and comprehensive loss	**(1,581)**	**(19,353)**	**(50,752)**	**(33,396)**
Adjusted Net Earnings (Loss)(1)	**7,817**	**(4,970)**	**9,463**	**(8,108)**

Statement of Financial Position	May 8, 2022	August 29, 2021
	(in thousands of dollars)	
Total assets	125,305	135,899
Total non-current liabilities	178,803	135,118

Adjusted Net Earnings (Loss)(1), EBITDA(1) and Adjusted EBITDA(1)

Adjusted Net Earnings (Loss)(1), EBITDA(1) and Adjusted EBITDA(1) are financial measures that do not have standardized meanings prescribed by IFRS. They are used by SIR to supplement its reporting of net earnings (loss) and net cash flow. Adjusted Net Earnings (Loss)(1) consist of net earnings (loss) excluding the change in amortized cost of Ordinary LP Units and Class A LP Units of the Partnership. EBITDA(1) and Adjusted EBITDA(1) consist of net earnings (loss) excluding certain non-cash expenses and other expenses that SIR considers not to be of an operating nature. SIR believes that Adjusted Net Earnings (Loss)(1), EBITDA(1) and Adjusted EBITDA(1) are useful measures of the core business' contribution to cash flow from operations and uses these measures as a supplemental measure of SIR's performance. Similarly, SIR believes that certain investors may also find these non-GAAP financial measures to be useful for their independent evaluation of SIR's performance.

The following table reconciles net loss and comprehensive loss for the 12-week and 36-week periods ended May 8, 2022 and May 9, 2021, respectively, to Adjusted Net Earnings (Loss)(1):

	12-Week Period Ended May 8, 2022	12-Week Period Ended May 9, 2021	36-Week Period Ended May 8, 2022	36-Week Period Ended May 9, 2021
	(in thousands of dollars) (unaudited)			
Net loss and comprehensive loss for the period	(1,581)	(19,353)	(50,752)	(33,396)
Change in amortized cost of Ordinary LP Units and Class A LP Units of the Partnership	9,398	14,383	60,215	25,288
Adjusted Net Earnings (Loss)(1)	**7,817**	**(4,970)**	**9,463**	**(8,108)**

The following table reconciles net loss and comprehensive loss for the 12-week and 36-week periods ended May 8, 2022 and May 9, 2021 to EBITDA(1) and Adjusted EBITDA(1):

	12-Week Period Ended May 8, 2022	12-Week Period Ended May 9, 2021	36-Week Period Ended May 8, 2022	36-Week Period Ended May 9, 2021
	(in thousands of dollars) (unaudited)			
Net loss and comprehensive loss for the period	(1,581)	(19,353)	(50,752)	(33,396)
Add (deduct):				
Provision for income taxes	-	-	-	6
Interest expense	570	437	1,441	1,343
Interest on lease obligations	1,138	1,229	3,518	3,942
Interest on loan payable to SIR Royalty Income Fund	719	725	2,130	2,122
Depreciation and amortization	4,669	5,664	13,905	16,118
Change in amortized cost of Ordinary LP Units and Class A LP Units of the Partnership	9,398	14,383	60,215	25,288
EBITDA(1)	**14,913**	**3,085**	**30,457**	**15,423**
Interest (income) and other expense (income) – net	80	(795)	(9)	(9,236)
(Recovery) impairment of non-financial assets	(880)	927	(880)	3,188
Loss on disposal of property and equipment	12	11	34	46
Cash rent	(3,528)	(4,369)	(10,354)	(8,632)
Preopening costs	289	-	289	-
Adjusted EBITDA(1)	**10,886**	**(1,141)**	**19,537**	**789**
Income from Class A & B GP Units of the Partnership(2) (Not included in EBITDA(1) and Adjusted EBITDA(1) above)	522	102	1,412	185
6% Royalty obligations under License and Royalty Agreement(3)	3,336	934	7,914	3,333

Results of Operations

Reconciliation of Revenue from Consolidated Financial Statements to Pooled Revenue	12-Week Period Ended May 8, 2022	12-Week Period Ended May 9, 2021	36-Week Period Ended May 8, 2022	36-Week Period Ended May 9, 2021
	(in thousands of dollars) (unaudited)			
Food and beverage revenue reported in consolidated financial statements	56,531	16,260	133,754	57,844
Less: Revenue from corporate restaurant operations excluded from the Royalty pool	(925)	(498)	(1,848)	(1,929)
Revenue for Restaurants in Royalty pool (Pooled Revenue)	**55,606**	**15,762**	**131,906**	**55,915**

(2) Includes the special conversion distribution paid to Class B GP Unitholders or the special conversion refund to Class A GP Unitholders declared in December of each year, if any.

(3) See the SIR Royalty Income Fund section of this document for the Royalty calculation. Pooled Revenue includes revenue from all restaurants included in Royalty Pooled Restaurants. On January 1st of each year, New Additional Restaurants are added and New Closed Restaurants are removed from Royalty Pooled Restaurants. Royalty obligations equal 6% of Pooled Revenue.

Reconciliation of Revenue from Consolidated Financial Statements to Same Store Sales(1)	12-Week Period Ended May 8, 2022	12-Week Period Ended May 9, 2021	36-Week Period Ended May 8, 2022	36-Week Period Ended May 9, 2021
	(in thousands of dollars) (unaudited)			
Food and beverage revenue reported in consolidated financial statements	56,531	16,260	133,754	57,844
Less: Revenue from corporate restaurant operations excluded from Same Store Sales(1)	(241)	(14)	(241)	(1,245)
Same Store Sales(1)	**56,290**	**16,246**	**133,513**	**56,599**

Same Store Sales(1) by Segment	12-Week Period Ended May 8, 2022	12-Week Period Ended May 9, 2021	% Fav./ (Unfav.)	36-Week Period Ended May 8, 2022	36-Week Period Ended May 9, 2021	% Fav./ (Unfav.)
	(in thousands of dollars) (unaudited)					
Jack Astor's	41,691	13,075	218.9%	98,327	45,098	118.0%
Scaddabush	10,365	3,068	237.8%	25,662	10,666	140.6%
Canyon Creek	510	-	N/A	1,262	117	978.6%
Signature Restaurants	3,724	103	3515.5%	8,262	718	1050.7%
Same Store Sales(1)	**56,290**	**16,246**	**246.5%**	**133,513**	**56,599**	**135.9%**

Summary of Quarterly Results

Statement of Operations	3rd Quarter Ended May 8, 2022 (12 weeks)	2nd Quarter Ended February 13, 2022 (12 weeks)	1st Quarter Ended November 21, 2021 (12 weeks)	4th Quarter Ended August 29, 2021 (16 weeks)	3rd Quarter Ended May 9, 2021 (12 weeks)	2nd Quarter Ended February 14, 2021 (12 weeks)	1st Quarter Ended November 22, 2020 (12 weeks)	4th Quarter Ended August 30, 2020 (17 weeks)
	(in thousands of dollars) (unaudited)							
Corporate Restaurant Operations								
Revenue	56,599	31,656	45,686	50,113	16,301	12,866	28,775	34,451
Cost of corporate restaurant operations	42,835	25,891	40,148	48,001	17,989	16,393	29,429	31,978
Earnings (Loss) from corporate restaurant operations	**13,764**	**5,765**	**5,538**	**2,112**	**(1,688)**	**3,527**	**(654)**	**2,473**
Net (loss) earnings and comprehensive (loss) income	**(1,581)**	**1,627**	**(50,798)**	**(28,392)**	**(19,353)**	**(8,394)**	**(5,649)**	**(1,081)**
Adjusted Net Earnings (Loss)(1)	**7,817**	**1,135**	**511**	**6,965**	**(4,970)**	**2,511**	**(5,649)**	**(2,308)**

The following table reconciles net earnings (loss) and comprehensive income (loss) for the quarters to Adjusted Net Earnings (Loss)[(1)]:

	3rd Quarter Ended May 8, 2022 (12 weeks)	2nd Quarter Ended February 13, 2022 (12 weeks)	1st Quarter Ended November 21, 2021 (12 weeks)	4th Quarter Ended August 29, 2021 (16 weeks)	3rd Quarter Ended May 9, 2021 (12 weeks)	2nd Quarter Ended February 14, 2021 (12 weeks)	1st Quarter Ended November 22, 2020 (12 weeks)	4th Quarter Ended August 30, 2020 (17 weeks)
Net (loss) earnings and comprehensive (loss) earnings	(1,581)	1,627	(50,798)	(28,392)	(19,353)	(8,394)	(5,649)	(1,081)
Change in amortized cost of the Ordinary LP Units and Class A LP Units of the Partnership	9,398	(492)	51,309	35,357	14,383	10,905	-	(1,227)
Adjusted Net Earnings (Loss)[(1)]	**7,817**	**1,135**	**511**	**6,965**	**(4,970)**	**2,511**	**(5,649)**	**(2,308)**

Selected Consolidated Statement of Cash Flows Information:

	3rd Quarter Ended May 8, 2022 (12 weeks)	2nd Quarter Ended February 13, 2022 (12 weeks)	1st Quarter Ended November 21, 2021 (12 weeks)	4th Quarter Ended August 29, 2021 (16 weeks)	3rd Quarter Ended May 9, 2021 (12 weeks)	2nd Quarter Ended February 14, 2021 (12 weeks)	1st Quarter Ended November 22, 2020 (12 weeks)	4th Quarter Ended August 30, 2020 (17 weeks)
Cash provided by (used in) operations	22,724	(4,741)	2,853	19,076	8,136	527	5,314	4,410
Cash used in investing activities	(1,067)	(1,196)	(801)	(602)	(81)	(142)	(280)	(91)
Cash (used in) provided by financing activities	(20,252)	5,368	(9,391)	(9,435)	(12,873)	2,232	(3,883)	(3,169)
Increase (decrease) in cash and cash equivalents during the period	1,405	(569)	(7,339)	9,039	(4,818)	2,617	1,151	1,150
Cash and cash equivalents – Beginning of period	1,699	2,268	9,606	567	5,385	2,768	1,617	467
Cash and cash equivalents – End of period	3,104	1,699	2,267	9,606	567	5,385	2,768	1,617

Revenue

There are a number of references to different revenue groupings used in the condensed interim consolidated financial statements, the notes to the condensed interim consolidated financial statements and this MD&A. The following definitions are provided for greater clarification of these groupings:

i. Revenue (per the SIR condensed interim consolidated statements of operations and comprehensive loss) – this is the total consolidated revenue of all SIR restaurants for the period, as well as Abbey's Bakehouse. For the 12-week and 36-week periods ended May 8, 2022, revenue was $56.5 million and $133.8 million, respectively.

ii. Same Store Sales[(1)] ("SSS") – this is a sub-set of revenue used for tracking comparable year-over-year sales. For Q3 2022 and Q3 2021, SSS[(1)] includes all SIR restaurants, except for those restaurants that were not open for the entire comparable periods in Fiscal 2022 and Fiscal 2021, and Abbey's Bakehouse as it is not a SIR restaurant. SIR restaurants that have been impacted due to COVID-19 related restrictions beginning in Fiscal 2020, but have not been permanently closed, are included in the calculation of SSS[(1)] performance. The SSS[(1)] performance does not include: the Canyon Creek locations in Mississauga, Scarborough, Vaughan and Niagara Falls, Ontario, and the former Reds Midtown Tavern, Scaddabush and Dukes Refresher locations at Yonge and Gerrard in downtown Toronto, as their sales are excluded from the calculation of SSS(1) similar to any permanently closed locations. For the 12-week and 36-week periods ended May 8, 2022, SSS(1) were $56.3 million and $133.5 million, respectively.

iii. Pooled Revenue – this is the revenue subject to the License and Royalty Agreement – this includes revenue from all Royalty Pooled Restaurants. The Royalty Pooled Restaurants are adjusted on January 1st of each year for New Additional Restaurants and New Closed Restaurants. As at May 8, 2022, there were 50 Royalty Pooled Restaurants. For Q3 2022 and YTD 2022, Pooled Revenue totaled $55.6 million and $131.9 million, respectively. The applicable Royalty payable to the Partnership on the Pooled Revenue for Q3 2022 and YTD 2022 was $3.3 million and $7.9 million, respectively.

Same Store Sales(1)

SIR reported an overall SSS(1) increase of 246.5% and 135.9% for Q3 2022 and YTD 2022, respectively. SSS(1) are typically impacted by changes in guest traffic and average cheque amount. Current year-over-year increases in revenue and SSS(1) are primarily attributable to SIR's recent recovery from the pandemic due to the easing and eventual removal of pandemic-related operating restrictions in Q3 2022. The other factors noted below relate primarily to the periods prior to COVID-19 related business restrictions.

Prior to the pandemic which materially impacted sales at SIR restaurants beginning in mid-March 2020, SIR identified shifts in consumer behavior related to spending at full-service restaurants, especially in Ontario, that SIR believes impacted SSS(1) performance.

SIR believes that price increases at most Ontario restaurants related to the minimum wage increase on January 1, 2018 contributed to a decline in full-service restaurant visits compared to the same periods in prior years. SIR also believes that new stricter legislation for impaired driving contributed to lower alcoholic beverage sales in full-service restaurants.

SIR believes that the rapid growth of delivery services in commercial foodservice had negatively impacted the volume of guest visits to full-service restaurants prior to the pandemic. In addition, due to the nature of take-out and delivery orders, guests who choose these options were previously unable to order alcoholic beverages, which had contributed to a decline in beverage sales at SIR restaurants. Government regulations designed to support restaurants during the pandemic permitted sales of alcohol with take-out and delivery orders effective March 26, 2020. The Ontario government has now allowed bars and restaurants in the province to offer alcohol with take-out and delivery orders on a permanent basis.

Despite recent changes in consumer behavior, SIR noted that in the early part of 2020, up to the onset of the pandemic, previously declining guest counts had started to flatten.

Prior to the pandemic, take-out and delivery sales comprised approximately 5% of SIR's food and beverage revenue. Through the development of new product and service offerings, SIR's take-out and delivery sales have grown significantly, but this growth only partially offset the negative impact on SIR's food and beverage revenue due to various indoor dining capacity restrictions during the pandemic.

Jack Astor's, SIR's flagship Concept Restaurant brand, which contributed approximately 74.5% of Q3 2022 Pooled Revenue, had SSS(1) increases of 218.9% and 118.0% for Q3 2022 and YTD 2022, respectively.

Jack Astor's SSS performance includes 37 locations. The favourable increase is primarily due to the easing of pandemic-related restrictions in Q3 2022 compared to Q3 2021 when bar and restaurant operating restrictions and/or closures were still in effect.

Scaddabush SSS(1) performance for Q3 2022 and YTD 2022 includes nine Scaddabush locations (Mississauga, Richmond Hill, Scarborough, Burlington, Oakville and Vaughan, and two locations in Etobicoke, Ontario, as well as the Front Street location in downtown Toronto). Scaddabush had SSS(1) increases of 237.8% and 140.6% for Q3 2022 and YTD 2022, respectively.

SIR's one remaining Canyon Creek location in Etobicoke, Ontario in close proximity to Pearson International Airport, reported SSS(1) of $0.5 million for Q3 2022 compared to $nil for Q3 2021 and had a SSS(1) increase of 979.5% for YTD 2022 compared to YTD 2021. SIR suspended operations at this location on March 16, 2020 and then reopened it during Q3 2021. SIR permanently closed this location effective May 23, 2022 and plans to replace it with a new Scaddabush restaurant in August 2022.

The Signature Restaurants had SSS1) increases of 3515.5% and 1050.7% for Q3 2022 and YTD 2022, respectively.

Cost of Corporate Restaurant Operations

Costs of corporate restaurant operations as a percentage of revenue were 75.7% and 81.3% for Q3 2022 and YTD 2022, respectively, compared to 110.4% and 110.1% for Q3 2021 and YTD 2021, respectively. Lower costs as a percentage of revenue for Q3 2022 and YTD 2022 were primarily attributable to the easing and eventual lifting of pandemic-related operating restrictions resulting in an increase in revenues compared to the corresponding periods a year ago. This was partially offset by reduced government wage subsidies during Q3 2022 compared to Q3 2021.

Corporate Costs

Corporate costs were $3.4 million and $8.5 million for Q3 2022 and YTD 2022, respectively, compared to $1.7 million and $4.1 million for Q3 2021 and YTD 2021 respectively. As operating restrictions were eased and eventually lifted during Q3 2022 and indoor dining continues without closures, leasing costs are being normalized through reduced government subsidies and limited (if any) further landlord abatements or rent deferrals.

Interest Expense

Interest expense for Q3 2022 and YTD 2022 was $0.6 million and $1.4 million, respectively, compared to $0.4 million and $1.3 million for Q3 2021 and YTD 2021, respectively.

SIR Loan, Fund's Interest in the Partnership & Change in Amortized Cost of Ordinary LP and Class A LP Units

On October 12, 2004, the Fund completed its initial public offering and used the proceeds to acquire the SIR Loan and invest in the Ordinary LP Units of the Partnership. The Fund has also acquired Class A LP Units upon SIR's conversion of its Class A GP Units into Fund units (see the Liquidity and Capital Resources section). In accordance with IFRS, SIR has consolidated the Partnership. The Ordinary LP Units and Class A LP Units of the Partnership, which are held by the Fund, require SIR to pay distributions to the Fund when declared by the board of directors of SIR GP Inc. SIR GP Inc. is controlled by the Fund and, accordingly, SIR is unable to control the declaration of these distributions. As a result, the Ordinary LP Units and Class A LP Units of the Partnership have been classified as a financial liability in the consolidated statements of financial position. The Ordinary LP Units and Class A LP Units were initially recorded at fair value and subsequently at amortized cost, which requires updating the carrying amount of the financial liability to reflect actual and revised estimates in cash flows. The changes in the estimated cash flows are derived from changes in the value of the underlying Fund units adjusted for taxes and the SIR Loan.

Changes in amortized cost are recognized in the condensed interim consolidated statements of operations and comprehensive loss. The change in the amortized cost is a non-cash transaction and accordingly, has no impact on cash flows. For Q3 2022 and YTD 2022, the change in amortized cost resulted in an expense of $60.2 million and is due to an increase in the underlying Fund unit price compared to the end of Fiscal 2021. For Q3 2021 and YTD 2021, the change in amortized cost resulted in an expense of $25.3 million and was due to an increase in the underlying Fund unit price compared to the end of Fiscal 2020.

Interest on the SIR Loan totaled $0.7 million and $2.1 million for Q3 2022 and YTD 2022, respectively, compared to $0.7 million and $2.1 million for Q3 2021 and YTD 2021, respectively.

EBITDA(1) and Adjusted EBITDA(1)

EBITDA(1) totaled $14.9 million and $30.5 million for Q3 2022 and YTD 2022, respectively, compared to $3.1 million and $15.4 million for Q3 2021 and YTD 2021, respectively. The increases were primarily driven by significantly higher sales as a result of the gradual easing and eventual lifting of pandemic-related operating restrictions in Q3 2022 and efficiencies in food, beverage, labour and corporate costs.

Adjusted EBITDA (loss)(1) totaled $10.6 million and $19.5 million for Q3 2022 and YTD 2022, respectively, compared to ($1.1) million and $0.8 million for Q3 2021 and YTD 2021, respectively. (See Selected Consolidated Historical Financial Information – Reconciliation of net earnings (loss) and comprehensive income (loss) for the period to EBITDA(1) and Adjusted EBITDA(1)).

SIR Royalty Income Fund

The following is a summary of the accounting implications of the SIR Loan and the Fund's interest in the Partnership:

(a) *SIR Loan*

The $40.0 million SIR Loan is payable to the Fund, bears interest at 7.5% per annum, and is due October 12, 2044. On July 6, 2015, SIR, the Fund and the Partnership entered into an Interlender Agreement to subordinate and postpone their claims against SIR in favour of the lender. The Fund and the Partnership have not guaranteed the current credit facility (see Liquidity and Capital Resources section).

The debt is "permitted indebtedness" within the meaning of the agreements between the Fund, the Partnership and SIR, and as a result the Fund and the Partnership have, as contemplated in the existing agreements, subordinated and postponed their claims against SIR to the claims of the lender. This subordination, which includes a subordination of the Partnership's rights under the License and Royalty Agreement between the Partnership and SIR whereby the Partnership licenses to SIR the right to use the trademarks and related intellectual property in return for Royalty payments based on revenues, has been effected pursuant to the terms of the Intercreditor Agreement.

Under the Intercreditor Agreement, absent any default or event of default under the Credit Agreement, ordinary payments to the Fund and the Partnership can continue and the Partnership can exercise any and all of its rights to preserve the trademarks and related intellectual property governed by the License and Royalty Agreement. However, if a default or an event of default were to occur, the Fund and the Partnership agree not to take actions on their security until the lender has been repaid in full. However, payments by SIR, to the Fund and the Partnership, will be permitted for such amounts as are required to fund their monthly operating expenses, up to an annual limit. In addition, the Fund, the Partnership and SIR will have the right, acting cooperatively, to reduce payments of Royalties and/or interest on the SIR Loan by up to 50% without triggering a cross default under the Credit Agreement, for a period of up to nine consecutive months. SIR and each obligor provided an undertaking to cooperate and explore all options with the Fund to maximize value to the Fund's unitholders and SIR and its shareholders in exchange for the Subordinating Parties not demanding repayment or enforcing security as a result of any such Related Party Obligation Default. The Intercreditor Agreement also contains various other typical covenants of the Fund and the Partnership.

Interest expense on the SIR Loan was charged to the condensed interim consolidated statements of operations and comprehensive loss in the amount of $0.7 million and $2.1 million for Q3 2022 and YTD 2022, respectively and $0.7 million and $2.1 million for Q3 2021 and YTD 2021, respectively.

SIR has the right to require the Fund to, indirectly, purchase their Class C GP Units and assume a portion of the SIR Loan as consideration for the acquisition of the Class C GP Units.

SIR's Lender approved the resumption of current royalty payments and interest on the SIR Loan on July 7, 2021 and a framework to enable SIR to catch up on deferred royalty and deferred interest payments by July 6, 2022. Refer to the "Amendments to SIR's Credit Agreement, payment of royalties and interest on the SIR Loan" section for more details on page 4 and the Liquidity and Capital Resources section on page 15 for details of the aforementioned conditions.

(b) Ordinary LP Units and Class A LP Units of SIR Royalty Limited Partnership

	12-Week Period Ended May 8, 2022	12-Week Period Ended May 9, 2021	36-Week Period Ended May 8, 2022	36-Week Period Ended May 9, 2021
	(in thousands of dollars) (unaudited)			
Balance – Beginning of the period	60,098	10,905	60,098	-
Change in amortized cost of the Ordinary LP Units and Class A LP Units of the Partnership	9,398	14,383	60,215	25,288
Distributions paid to Ordinary LP and Class A LP unitholders	(1,276)	-	(5,089)	-
Balance – End of period	68,220	25,288	115,224	25,288
Less: Current portion of Ordinary LP Units and Class A LP Units of the Partnership	(9,307)	-	(9,307)	-
Ordinary LP Units and Class A LP Units of the Partnership	58,913	25,288	105,917	25,288

The following is a summary of the results of the operations of the Partnership:

	12-Week Period Ended May 8, 2022	12-Week Period Ended May 9, 2021	36-Week Period Ended May 8, 2022	36-Week Period Ended May 9, 2021
		(in thousands of dollars) (unaudited)		
Pooled Revenue[4]	55,606	15,762	131,906	55,915
Partnership royalty income[5]	3,336	934	7,914	3,333
Other Income	6	6	19	17
Partnership expenses (income)	733	(36)	776	(115)
Net earnings of the Partnership	4,075	904	8,709	3,235
SIR's residual interest in the earnings of the Partnership:				
Income from Class A & B GP Units of the Partnership	(522)	(102)	(1,412)	(185)
Income from Class C GP Units of the Partnership	(712)	(712)	(2,083)	(2,083)
	(1,234)	(814)	(3,495)	(2,268)
Fund's interest in the earnings of the Partnership	2,841	90	5,214	967

On October 12, 2004, the Partnership issued Ordinary LP and GP Units to the Fund for cash consideration of $11.2 million. The Fund has also acquired Class A LP Units upon SIR's conversion of its Class A GP Units into Fund units. The holders of the Ordinary LP Units and Class A LP Units are entitled to receive their pro rata share of all residual distributions of the Partnership. The distributions are declared by the board of directors of SIR GP Inc., which is controlled by the Fund. Accordingly, the Ordinary LP Units and Class A LP Units of the Partnership have been classified as a financial liability in the consolidated statements of financial position. The Ordinary LP Units and Class A LP Units of the Partnership are accounted for at amortized cost, with changes in the carrying value recorded in the condensed interim consolidated statements of operations and comprehensive loss.

SIR, as the holder of the Class A GP Units, is entitled to receive their pro rata share of all residual distributions of the Partnership and the Class A GP Units are exchangeable into units of the Fund.

In 2004, the Partnership granted SIR a 99-year license to use the SIR Rights in most of Canada in consideration for a Royalty, payable by SIR to the Partnership, equal to 6% of the revenue of the Royalty Pooled Restaurants (the "License and Royalty Agreement").

Under the terms of the License and Royalty Agreement, SIR is no longer required to pay any Make-Whole Payments in respect of a permanently closed restaurant following October 12, 2019. On January 1 of each year (the "Adjustment Date"), the restaurants subject to the License and Royalty Agreement are adjusted for new SIR Restaurants opened for at least 60 days preceding such Adjustment Date. At each Adjustment Date, SIR will be entitled to convert its Class B GP Units to Class A GP Units based on the formula defined in the Partnership Agreement. Additional Class B GP Units may be converted to Class A GP Units in respect of these new SIR Restaurants if actual revenues of the new SIR Restaurants exceeded 80% of the initial estimated revenues and the formula defined in the Partnership Agreement. Conversely, converted Class A GP Units will be returned by SIR if the actual revenues of the new SIR Restaurants are less than 80% of the initial estimated revenues. In December of each year, an additional distribution will be payable to the Class B GP unitholders based on actual revenues of the new SIR Restaurants exceeding 80% of the initial estimated revenues or there will be a reduction in the distributions to the Class A GP unitholders if revenues are less than 80% of the initial estimated revenues.

On January 1, 2022, no new SIR restaurants were added (January 1, 2021 – one new SIR restaurant was added) to the Royalty Pooled Restaurants in accordance with the Partnership Agreement. There was a Second Incremental Adjustment

(4) *Includes revenue from the SIR Restaurants subject to the License and Royalty Agreement. The Partnership owns the SIR Rights formerly owned or licensed by SIR or its subsidiaries and used in connection with the operation of the majority of SIR's restaurants in Canada.*

(5) *Partnership royalty income is 6% of Pooled Revenue in accordance with the License and Royalty Agreement, plus a Make-Whole Payment for closed restaurants, if applicable.*

done for the one new SIR restaurant added to the Royalty Pooled Restaurants on January 1, 2021 (January 1, 2020 – one). As consideration for this adjustment, SIR converted Class B GP Units into Class A GP Units based on the formula based on the formula defined in the Partnership Agreement. In addition, there was a reconversion of Class A GP units into Class B GP units for the permanent closure of five (January 1, 2021 – one) SIR restaurants during 2021. The net effect of these adjustments to the Royalty Pooled Restaurants was that SIR returned 679,934 Class A GP units for 679,934 Class B GP units (January 1, 2021 – SIR converted 153,201 Class B GP units into 153,201 Class A GP units) on January 1, 2022 resulting in a $nil impact to the SIR Rights value as the Class A and B GP Units have a $nil value (January 1, 2021 – $nil).

In addition, the revenues of the one (January 1, 2020 – one) new SIR Restaurant added to the Royalty Pooled Restaurants on January 1, 2021 were greater than 80% of the Initial Adjustment's estimated revenue (January 1, 2020 – revenue of one SIR Restaurant was less than 80% of the Initial Adjustment's estimated revenue) and, as a result, a special conversion distribution of $0.1 million was declared on the Class B GP Units in December 2021 and paid in January 2022 (distributions of Class A GP Units were reduced by a special conversion refund of $0.009 million in December 2020 and paid in January 2021).

SIR's residual interest in the Partnership was 13.36% as at May 8, 2022 (August 29, 2021 – 19.05%).

(c) *Amounts due to the Fund* – (see Transactions with the SIR Royalty Income Fund in the Transactions with Related Parties section)

Liquidity and Capital Resources

Selected Consolidated Statement of Cash Flows Information	12-Week Period Ended May 8, 2022	12-Week Period Ended May 9, 2021	36-Week Period Ended May 8, 2022	36-Week Period Ended May 9, 2021
	(in thousands of dollars) (unaudited)			
Cash provided by operations	22,724	8,136	20,634	13,977
Cash used in investing activities	(1,067)	(81)	(3,064)	(503)
Cash used in financing activities	(20,252)	(12,873)	(24,072)	(14,524)
Increase (decrease) in cash and cash equivalents during the period	1,405	(4,818)	(6,502)	(1,050)
Cash and cash equivalents – Beginning of period	1,699	5,385	9,606	1,617
Cash and cash equivalents – End of period	3,104	567	3,104	567

Cash provided by operations increased by $14.6 million and $6.8 million in Q3 2022 and YTD 2022, respectively. For Q3 2022, the increase is primarily attributable to a favourable variance in the net loss for the period of $17.8 million, a favourable variance in the net change in working capital of $5.7 million, increase in amortization of deferred financing charges of $0.1 million and an increase of $0.1 million in interest on long-term debt and SIR loan. These were partially offset by an increase in distributions to Ordinary LP and Class A LP unitholders of $1.3 million, a recovery of prior impairments on loans and advances of $1.1 million, $5.0 million of unfavourable change in amortized cost of Ordinary LP and Class A LP units, a decrease in the impairment of non-financial assets of $0.7 million and a decrease in amortization of $1.0 million. For YTD 2022, the increase is a result of an unfavourable variance in the net loss for the period of $17.4 million, a decrease in amortization of $2.2 million, a recovery of prior impairments on loans and advances of $2.9 million, a reduction of impairments related to non-financial assets of $1.2 million, an increase in distributions paid to Ordinary LP and Class A LP unitholders of $5.0 million and a decrease in interest on lease obligations of $0.4 million. These were offset by a $0.8 million of favourable change in net working capital and $35.0 million favourable change in the amortized cost of Ordinary LP and Class A LP units.

Cash used in investing activities increased by $1.0 million and $2.6 million in Q3 2022 and YTD 2022, respectively. For Q3 2022, the increase was a result of $1.0 million of purchases of property and equipment and other assets. For YTD 2022, the increase is due to $2.4 million in property and equipment and other asset purchases and a $0.2 million reduction in loan repayments.

Cash provided by financing activities decreased by $7.4 million in Q3 2022 and $9.8 million for YTD 2022. For Q3 2022, the decrease is a result of a reduction in bank indebtedness of $11.7 million, an increase in principal repayments of long-term debt of $6.3 million, a $1.1 million increase in lease obligation payments and an increase of $2.0 million in interest paid. These items were partially offset by a $13.7 million reduction in principal repayment of long-term debt. For YTD 2022, the decrease is due to an overall increase in bank indebtedness of $5.5 million coupled with a $14.8 million decrease in principal repayments of long-term debt. These were offset by a $20.2 million increase in repayment of long-term debt, a $4.4 million increase in payment of lease obligations and a $5.5 million increase in interest paid.

No new restaurants were added (January 1, 2021 – one new SIR restaurant was added) to the Royalty Pooled Restaurants effective January 1, 2022. The amount of Class A GP Units were adjusted for the Second Incremental Adjustment for the one New Additional Restaurant that was added to the Royalty Pooled Restaurants on January 1, 2021 and was reduced by an adjustment for the permanent closures of five SIR restaurants in 2021. Under the terms if the Exchange Agreement, SIR has the right to convert some or all of the Class A GP Units into Fund Units on a one-for-one basis. After the net adjustments to the Royalty Pooled Restaurants on January 1, 2022, SIR held 1,291,618 Class A GP Units.

As at May 8, 2022, SIR had current assets of $22.3 million (August 29, 2021 – $21.8 million) and current liabilities of $120.3 million (August 29, 2021 – $123.8 million) resulting in a working capital deficit of $98.0 million (August 29, 2021 – $102.0 million). Revenues in the restaurant business are largely paid by cash and credit cards whereas most suppliers offer credit terms for payment. Therefore, restaurants are able to pay their suppliers from the cash received on revenues in the following months, as the supplier payables are due. Cash balances are typically used to construct new restaurants or re-invest in existing restaurants to grow the business. As a result, SIR, like many other restaurant businesses, would anticipate having a negative working capital balance in the foreseeable future. The reclassification of both the carrying value of the credit facilities under the Credit Agreement and the carrying value of the loan payable to the Fund to current liabilities has resulted in a significant increase in current liabilities. SIR's available working capital has been impacted by the pandemic.

SIR has a credit agreement ("Credit Agreement") with a Schedule I Canadian chartered bank (the "Lender"). The Credit Agreement is "permitted indebtedness" within the meaning of the agreements between the Fund, the Partnership, and SIR, and as a result the Fund and the Partnership have, as contemplated in the existing agreements, subordinated and postponed their claims against SIR to the claims of the Lender. This subordination, which includes a subordination of the Partnership's rights under the License and Royalty Agreement between the Partnership and SIR whereby the Partnership licenses to SIR the right to use trademarks and related intellectual property in return for royalty payments based on revenues, has been effected pursuant to the terms of the Intercreditor Agreement.

The Credit Agreement between SIR and the Lender, as amended on December 8, 2017, July 6, 2018, April 1, 2020, June 30, 2020, September 30, 2020, December 21, 2020, March 31, 2021, May 31, 2021 and June 16, 2022 provides for a maximum principal amount of $47.7 million consisting of:

- a $20.0 million revolving term credit facility (Credit Facility 1),
- a $15.3 million revolving term loan (Credit Facility 2),
- a $6.25 million guaranteed facility (EDC-Guaranteed Facility), and
- a $6.13 million Business Development Bank of Canada ("BDC") guaranteed Highly Affected Sectors Credit Availability Program ("HASCAP") facility (the "BDC-Guaranteed Facility").

SIR and the Lender have also entered into a purchase card agreement providing credit of up to an additional $1.5 million.

Credit Facility 1 is for general corporate and operating purposes, bearing interest at the prime rate plus 3.25% and/or the bankers' acceptance rate plus 4.25%, principal repaid in one bullet repayment on July 6, 2022. A standby fee of 0.85% is charged on the undrawn balance of Credit Facility 1.

Credit Facility 2 bears interest at the prime rate plus 3.25% and/or the bankers' acceptance rate plus 4.25%. Each advance under Credit Facility 2 is repayable in equal quarterly instalments based on a seven year amortization, with the remaining outstanding principal balance due on July 7, 2023. (Refer to the "Amendments to SIR's Credit Agreement, payment of royalties and interest on the SIR Loan" section of the MDA on page 4 for details on the latest Ninth Amendment).

As at May 8, 2022, SIR had drawn $1.8 million on Credit Facility 1 (May 9, 2021 - $nil). As at May 8, 2022, the Company has drawn $15.3 million on Credit Facility 1 and Credit Facility 2, net of cash excluding the cash balance of the Partnership (August 29, 2021 - $9.9 million).

The EDC-Guaranteed Facility bears interest at the prime rate plus 3.50%. The EDC-Guaranteed Facility is a 364-day revolving term credit facility. A standby fee of 0.90% is charged on the undrawn balance of this facility. As at May 8, 2022, the Company has drawn $6.25 million on this facility.

The BDC-Guaranteed Facility is a 10-year term credit facility, with a one year principal payment moratorium, bearing a fixed rate interest of 4%. During Q3 2022, SIR repaid \$0.1 million. As at May 8, 2022, the Company has drawn \$6.13 million on this facility.

Starting in April of 2020, the Fund and the Partnership granted SIR deferrals of interest on a loan owing by SIR to the Fund (the "SIR Loan") and royalty payments owing by SIR to the Partnership through a series of short-term deferral agreements, the latest of which is set to expire on July 6, 2022. These deferral agreements were conditions required by SIR's senior lender for a series of waiver and amending agreements that it granted to SIR. In the absence of these waiver and amending agreements from SIR's senior lender, as a result of the impact of COVID-19 on SIR's sales and financial results, SIR would have breached a number of financial and non-financial covenants and events of default under its credit agreement. The Fund and the Partnership have security interests over the assets of SIR, but these security interests are subordinated and postponed to those of SIR's senior lender. The ongoing cooperation and support of SIR's senior lender has been necessary and will in SIR's view continue to be necessary in order for SIR to retain sufficient liquidity to operate. The Partnership's and the Fund's cooperation in the form of deferrals on royalties and on interest on the SIR Loan, as well as waivers of certain covenants and events of default, have been requirements for SIR to obtain the needed funding, waivers and deferrals that have been granted to it by its senior lender. Failure to obtain them would have materially and adversely affected SIR, the Fund and the Partnership. The long-term viability of SIR is in the best interests of the Fund and the Partnership. Additionally, the waiver and extension agreements approved by the Fund and the Partnership on June 30, 2020 enabled SIR to add \$6.25 million in much needed liquidity through the addition of the EDC-Guaranteed Facility, to which the Fund and Partnership are also subordinated. Further, the waiver and extension agreements approved by the Fund and the Partnership on March 31, 2021 enabled SIR to add \$6.25 million in much needed liquidity through the addition of the BDC-Guaranteed Facility, to which the Fund and Partnership are also subordinated. Accordingly, each of the deferral agreements was approved by the independent Trustees of the Fund. The deferral agreements and related documents have also been filed on SEDAR.

The Third, Fourth, Fifth, Sixth, Seventh, Eighth and Ninth Amending Agreements are filed on SEDAR.

Under the Intercreditor Agreement, absent any default or event of default under the Credit Agreement, ordinary payments to the Fund and the Partnership can continue and the Partnership can exercise any and all of its rights to preserve the trademarks and related intellectual property governed by the License and Royalty Agreement. However, if a default or an event of default were to occur, the Fund and the Partnership agree not to take actions on their security until the Lender has been repaid in full. However, payments by SIR, to the Fund and the Partnership, will be permitted for such amounts as are required to fund their monthly operating expenses, up to an annual limit. In addition, the Fund, the Partnership and SIR will have the right, acting cooperatively, to reduce payments of Royalties and/or interest on the SIR Loan by up to 50% without triggering a cross default under the Credit Agreement, for a period of up to nine consecutive months. SIR and each Obligor provided an undertaking to cooperate and explore all options with the Fund to maximize value to the Fund's unitholders and SIR and its shareholders in exchange for the Subordinating Parties not demanding repayment or enforcing security as a result of any such Related Party Obligation Default. The Intercreditor Agreement also contains various other typical covenants of the Fund and the Partnership. For greater certainty, the preemptive deferral arrangements described above, were not used in the deferral agreements between SIR, the Fund and the Partnership deferring royalty payments and interest payments on the SIR loan between April 1, 2020 and July 6, 2022, described above as those breaches could not be avoided by a simple preemptive deferral by the Partnership and the Fund.

Compliance with the covenants included in SIR's amended Credit Agreement is monitored by management on a quarterly basis. As part of the Ninth Amendment (all Amending Agreements are filed on SEDAR), the Cumulative Minimum EBITDA Covenant has been replaced by the two financial covenants in the Credit Agreement and the Credit Agreement has been extended to July 6, 2023, however, the Eighth Amending Agreement was in effect as at May 8, 2022. As at May 8, 2022, the Company was in compliance with the amended covenants stipulated by the Eighth Amending Agreement. As the Credit Agreement was renegotiated and extended subsequent to Q3 2022, the carrying value of the credit facilities under the Credit Agreement were reclassified to current liabilities as it is due within the next 12 months, as at May 8, 2022. Furthermore, there can be no certainty that the Company will continue to be in compliance of the covenants subsequent to July 6, 2023.

As at May 8, 2022, SIR's liquidity was comprised of \$3.1 million cash on hand and \$20.1 million available to borrow under its credit facility (August 29, 2021 - \$8.3 million and \$20.0 million).

SIR currently holds 1.3 million Class A GP Units, representing a 13.36% residual interest in the Partnership. The Class A GP Units are exchangeable into units of the Fund on a one for one basis, and, as at May 8, 2022, have a market value of approximately \$17.8 million.

Under the Credit Agreement and without prior consent from the Lender, SIR may convert Class A GP Units into Fund Units and promptly sell such units for the purposes of financing construction projects for new and existing restaurants, provided in any year the sale of the units does not exceed the lower of \$7.0 million and 0.4 million units.

Contractual Obligations

In 2004, the Partnership granted SIR a 99-year license to use the SIR Rights in most of Canada in consideration for a Royalty, payable by SIR to the Partnership, equal to 6% of the revenue of the restaurants included in Royalty Pooled Restaurants. Payment of the Royalty is secured by the Partnership General Security Agreement. On July 6, 2015, SIR, the Fund and the Partnership amended the agreement to subordinate and postpone their claims against SIR in favour of the senior lender. The Partnership and the Fund have not guaranteed the Credit Agreement (Please refer to SIR Royalty Income Fund section).

The security interest for all amounts payable by SIR to the Partnership under the License and Royalty Agreement, as set out in the Partnership General Security Agreement, is substantially the same as, and ranks equally with, the security interest granted by SIR to the Fund in respect of the SIR Loan. SIR consolidates the Partnership, and this transaction between SIR and the Partnership is eliminated in SIR's condensed interim consolidated financial statements, however the obligation for payments remains.

On January 1 of each year (the "Adjustment Date"), the restaurants subject to the License and Royalty Agreement are adjusted for new SIR restaurants opened for at least 60 days preceding such Adjustment Date. At each Adjustment Date, SIR will be entitled to convert its Class B GP Units to Class A GP Units based on a formula defined in the Partnership Agreement.

Under the terms of the License and Royalty Agreement, SIR is not required to pay any Make-Whole Payment in respect of a closed restaurant as of October 12, 2019, the 15th anniversary of the closing date of the Fund's Initial Public Offering.

SIR and its subsidiaries have entered into operating leases relating to its head office and restaurant locations with minimum annual payments. It is anticipated that some covenants of certain leases may be breached in light of restaurant closures as a result of legislated closures due to the pandemic, absent successful negotiations with its landlords, other development, or government relief measures.

The pandemic has drastically altered SIR's operating environment and put a great deal of stress on many businesses, including SIR. As a result, during Fiscal 2021, SIR has permanently closed six restaurants, (five of which were included within the Royalty Pool). These restaurants ceased to be part of Royalty Pooled Restaurants effective January 1, 2022. For more details on the closed restaurants, please refer to page 5.

Off-Balance Sheet Arrangements

With the adoption of IFRS 16, operating leases relating to SIR's head office and restaurant locations with minimum annual payments are no longer considered off-balance sheet arrangements. SIR did not have any material off-balance sheet arrangements as at May 8, 2022, nor did it have any subsequent to Q3 2022.

Transactions with Related Parties

SIR has entered into related party transactions with shareholders and directors or companies controlled by shareholders and directors of SIR. The transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Transactions with Related Parties	12-Week Period Ended May 8, 2022	12-Week Period Ended May 9, 2021	36-Week Period Ended May 8, 2022	36-Week Period Ended May 9, 2021
	(in thousands of dollars) (unaudited)			
Property and equipment				
Fixtures purchased from a shareholder of SIR	2	1	7	1
Equipment purchased from a company owned by a director and shareholder of SIR, together with a member of executive management of SIR	30	-	82	-

Included in trade and other receivables and payables are the following amounts due from and to related parties:

	As at May 8, 2022	As at August 29, 2021
	(in thousands of dollars)	
Amounts due from related parties		
Amounts due from U.S. S.I.R. L.L.C. and its subsidiary	138	100
Amounts due to related parties		
Amounts due to companies owned by a shareholder or director of SIR	150	189

- SIR recognized interest income on loans and advances of $nil for the 12-week and 36-week periods ended May 8, 2022, respectively (12-week and 36-week periods ended May 9, 2021 - $nil). During the 12-week and 36-week periods ended May 8, 2022, SIR has advanced (adjusted for changes in a provision) an additional $0.04 million to U.S. S.I.R. L.L.C. (August 29, 2021 – $0.1 million reduction in loans and advances to U.S. S.I.R. L.L.C.).
- SIR advanced $0.01 million to a company owned by a shareholder and director, together with a member of executive management of SIR, during the 52-week period ended August 27, 2017. This advance is non-interest bearing and is payable on demand. SIR purchased fixtures from this company for $0.03 million and $0.08 million during Q3 2022 and YTD 2022, respectively (Q3 2021 and YTD 2021 - $nil and $nil).
- During the 52-week period ended August 25, 2019, SIR advanced $0.2 million to a shareholder and director. This advance bears interest at prime plus 2.25%. SIR has received repayments of $0.004 million and $0.032 million during Q3 2022 and YTD 2022, respectively (Q3 2021 and YTD 2021 - $0.003 million and $0.005 million). SIR recognized interest income on this loan of $0.002 million and $0.007 million during Q3 2022 and YTD 2022, respectively (Q3 2021 and YTD 2021 - $nil and $0.005 million).

Transactions with the SIR Royalty Income Fund

Advances receivable from the Fund and its subsidiaries as at May 8, 2022 were $2.9 million (August 29, 2021 – $2.3 million). Advances receivable are non-interest bearing and due on demand.

Effective July 7, 2021, SIR resumed current royalty payments to the Partnership and interest payments on the SIR Loan to the Fund in accordance with the Credit Agreement and the approval of SIR's Lender. For more details on the resumption of current and the repayment of previously deferred royalty and interest payments, please refer to the "Amendments to SIR's Credit Agreement, payment of royalties and interest on the SIR Loan" section on page 4.

The Partnership recognized an impairment loss on the advances receivable from the Trust, GP and Fund based on management's assessment of the company-specific risks. A rate of 40% was applied to the advances receivable and a provision of $0.9 million was recognized at May 8, 2022 (August 29, 2021 – $1.6 million).

During Q3 2022 and YTD 2022, distributions of $2.8 million and $5.2 million, respectively, were declared to the Fund by the Partnership, compared to distributions of $0.2 million and $0.9 million for Q3 2021 and YTD 2021, respectively. The Fund, indirectly through the Trust, is entitled to receive a pro rata share of all residual distributions. Distributions previously declared, but unpaid as at May 8, 2022 were $4.2 million (August 29, 2021 – $4.1 million).

Interest expense on the SIR Loan totaled $0.7 million and $2.1 million for Q3 2022 and YTD 2022, respectively, and $0.7 million and $2.1 million for Q3 2021 and YTD 2021, respectively. Interest payable on the SIR Loan as at May 8, 2022 was $0.6 million (August 29, 2021 – $4.0 million).

SIR, through the Partnership, has entered into an arrangement with the Fund and the Trust whereby the Partnership will provide or arrange for the provision of services required in the administration of the Fund and the Trust. The Partnership has arranged for these services to be provided by SIR GP Inc., in its capacity as the managing general partner of the Partnership. The Partnership provided these services to the Fund and the Trust for consideration of $0.006 million and $0.019 million for Q3 2022 and YTD 2022, respectively ($0.006 million and $0.017 million for Q3 2021 and YTD 2021, respectively), which was the amount of consideration agreed to by the related parties.

Critical Accounting Estimates and Judgments

Management believes that there have been no substantial changes in the nature of critical accounting estimates since the year ended August 29, 2021. The reader will find this information in the annual MD&A for the year ended August 29, 2021.

Changes in Accounting Policies, Including Recently Issued Accounting Pronouncements

Recently adopted accounting pronouncements

Amendments to IFRS 16, Leases, COVID-19-Related Rent Concessions

In May 2020, the IASB issued an amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The mandatory effective date was for annual periods beginning on or after June 1, 2020. SIR has received certain rent concessions related to COVID-19 and has applied the amendment which resulted in no lease modifications.

Amendments to IFRS 9, Financial Instruments, IAS 39 and Financial Instruments: Recognition and Measurement, and IFRS 7, Financial Instruments: Disclosures

In August 2020, the IASB issued amendments that address issues arising from the implementation of interest rate benchmark reform, including the replacement of one benchmark with an alternative one. The mandatory effective date would be annual periods beginning on or after January 1, 2021, with early adoption permitted. The amendment did not have a material impact on the consolidated financial statements.

Recently issued accounting pronouncements

IAS 1, Presentation of Financial Statements, and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

This standard has been amended to clarify the classification of liabilities as current or non-current, depending on the rights that exist at the end of the reporting period. This amendment is effective for annual periods beginning on or after January 1, 2022. The Company has not yet assessed the impact of the amendment on the consolidated financial statements.

IAS 16, Property, Plant and Equipment

This standard has been amended to prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use, clarify that an entity is "testing whether the asset is functioning properly" when it assesses the technical and physical performance of the asset and require certain related disclosures. The amendments are effective for annual periods beginning on or after January 1, 2022. The Company has not yet assessed the impact of the amendments on the consolidated financial statements.

IAS 37, Provisions

This standard has been amended to clarify that, before a separate provision for an onerous contract is established, an entity recognizes an impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract and to clarify the meaning of costs to fulfil a contract. The amendments are effective for annual periods beginning on or after January 1, 2022. The Company has not yet assessed the impact of the amendments on the consolidated financial statements.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

In February 2021, the IASB issued amendments to IAS 8 to introduce a new definition of accounting estimates to clarify the distinction between changes in accounting policies and changes in accounting estimates and the correction of errors. This amendment is effective for annual periods beginning on or after January 1, 2023. The Company has not yet assessed the impact of the amendment on the consolidated financial statements.

IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

In May 2021, the IASB issued amendments to IAS 12 that require an entity to recognize deferred tax on certain transactions such as leases and decommissioning obligations that give rise to equal amounts of taxable and deductible temporary differences on initial recognition. This amendment is effective for annual periods beginning on or after January 1, 2023. The Company has not yet assessed the impact of the amendment on the consolidated financial statements.

Disaggregated revenue

Under IFRS 15, SIR must disaggregate revenue from contracts with customers. SIR has determined that a disaggregation of revenue using Concept and Signature restaurants is adequate for its circumstances. Food and beverage revenue is determined as follows:

Food and beverage revenue by Concept	12-Week Period Ended May 8, 2022	12-Week Period Ended May 9, 2021	36-Week Period Ended May 8, 2022	36-Week Period Ended May 9, 2021
Jack Astor's	41,692	13,074	98,327	45,098
Scaddabush	10,364	3,068	25,662	11,221
Canyon Creek	511	14	1,262	131
Signature Restaurants	3,964	104	8,503	1,394
	56,531	**16,260**	**133,754**	**57,844**

Financial Instruments

Management believes that there have been no substantial changes in the nature of critical accounting estimates since the year ended August 29, 2021. The reader will find this information in the annual MD&A for the year ended August 29, 2021.

Risks and Uncertainties

The performance of SIR is dependent on many factors. The restaurant industry generally, and in particular, the casual and fine dining segment of this industry, is intensely competitive with respect to price, service, location, food quality and qualified staff. Increases in minimum wage rates and other labour legislation may affect the growth and profitability of SIR, as a significant portion of its restaurant employees are paid at wage rates related to minimum wage. SIR Restaurants are subject to laws that prohibit or limit smoking in enclosed workplaces and/or certain outdoor public places, such as restaurant patios. There are many well-established competitors with greater financial and other resources than SIR. Competitors include national and regional chains, as well as individually owned restaurants. Recently, competition has increased in the mid-price, full-service, casual and fine dining sectors in which many of the SIR Restaurants operate. Some of SIR's competitors have been in existence for a substantially longer period than SIR and may be better established in the markets where SIR Restaurants are or may be located.

In addition, factors such as business and economic conditions, changes in foreign exchange, availability of credit, inflation, increased food, labour and benefits costs, taxes, government regulations (including those governing alcoholic beverages and cannabis legislation), weather, seasonality, public safety issues and the availability and quality of food, services and products sold in the restaurants, and growth in off-premise traffic due to an increase in delivery and takeout orders affect the restaurant industry in general and therefore SIR. Annual Information Form for further discussion on risks and uncertainties related to the Fund and SIR**.**

SIR also faces risks and uncertainties related to the pandemic as outlined in the Outlook section below.

The Fund's distributions are subject to change based on a number of factors, including the cash reserves of the Fund, the Trust and the Partnership. The Trustees will continue their practice of regularly reviewing the Fund's distribution levels.

Outlook

SIR is a privately held Canadian corporation in the business of creating, owning and operating full-service restaurants in Canada. All of SIR's restaurants are corporately owned. SIR does not franchise any of its existing brands. SIR remains committed to the corporately owned restaurant model as it believes this structure gives it greater control over its brands and improved agility to proactively respond to changes in market conditions. SIR expects to drive future sales growth through a combination of measured new restaurant growth and investments in its existing restaurants over the long term.

Since the onset of the pandemic in March 2020 through to mid-February 2022, restaurants and bars across Canada experienced a series of government mandated operating capacity restrictions and/or full restaurant closures. As of mid-February 2022, the state of the restaurant and bar industry has been trending positively due to increased vaccination rates and the easing government restrictions. This positive trend continued with the lifting of all remaining operational restrictions by mid-March 2022, except for masking requirements in the province of Quebec which was lifted in mid-May 2022. However, there can be no assurance that government imposed operating restrictions and/or restaurant closures will not be re-introduced in the future. SIR's management continues to navigate and monitor the current operating environment and overall consumer behaviour.

SIR's insurer has denied any business interruption claims due to COVID-19 related operating restrictions or closures. However, SIR continues to pursue a Business Interruption claim due to Civil Authority orders against its insurer by way of Notice of Application in the Ontario Superior Court which was heard on May 19, 2021, June 2, 2021, November 25, 2021, December 8, 2021 and May 9, 2022. The courts shall render a decision within six months of the last hearing on May 9, 2022. This claim includes a rider provision to SIR's property policy which is in favour of the Fund and covers income reduction for lost royalties for a maximum of 180 days. There can be no assurance this action will be successful.

Description of non-IFRS measures

Management believes that disclosing certain non-IFRS financial measures provides a useful supplemental measure to evaluate SIR's performance. By considering these measures in combination with the most closely comparable IFRS measure, management believes that investors are provided with additional and more useful information about SIR than investors would have if they simply considered IFRS measures alone.

The non-IFRS financial measures do not have standardized meanings prescribed by IFRS. SIR's method of calculating these non-IFRS financial measures may differ from that of other issuers and, accordingly, may not be comparable to measures used by other issuers.

Same Store Sales and Same Store Sales Growth

SIR believes that SSS and SSSG are useful measures and provide investors with an indication of the change in year-over-year sales. SIR's method of calculating SSS and SSSG may differ from those of other issuers and, accordingly, SSS and SSSG may not be comparable to measures used by other issuers. SSSG is the percentage increase in SSS over the prior comparable period. SSS includes revenue from all SIR Restaurants except for those locations that were not open for the entire comparable periods in fiscal 2022 and fiscal 2021 and Abbey's Bakehouse as it is not a SIR Restaurant. When a SIR Restaurant is closed, the revenue for the closed restaurant is excluded from the calculation of SSS and SSSG for both the quarter in which the restaurant is closed and the current year-to-date. Please refer to the reconciliation of consolidated revenue to SSS on page 9 and to the definition of SSS in the Revenue section on page 10.

Adjusted Net Earnings (Loss)

Adjusted Net Earnings (Loss) is calculated by removing the change in amortized cost of the Ordinary LP Units and Class A LP Units of the Partnership from the net earnings (loss) for the period. Adjusted Net Earnings (Loss) is a non-GAAP financial measure and does not have a standardized meaning prescribed by IFRS. Management believes that in addition to net earnings (loss), Adjusted Net Earnings (Loss) is a useful supplemental measure to evaluate SIR's performance. Changes in the amortized cost of the Ordinary LP Units and Class A LP Units of the Partnership is a non-cash transaction and varies with changes in the market price of the Fund units. The exclusion of the change in amortized cost of the Ordinary LP Units and Class A LP Units of the Partnership eliminates this non-cash impact. Management cautions investors that Adjusted Net Earnings (Loss) should not replace net earnings or loss or cash flows from operating, investing and financing activities (as determined in accordance with IFRS), as an indicator of SIR's performance. SIR's method of calculating Adjusted Net Earnings (Loss) may differ from the methods used by other issuers. Please refer to the reconciliations of net earnings (loss) for the period to Adjusted Net Earnings (Loss) on page 7 of this document.

EBITDA and Adjusted EBITDA

References to EBITDA are to the net earnings (loss) for the period before provision for (recovery of) income taxes, interest expense, interest on lease obligations, interest on loan payable to SIR Royalty Income Fund, depreciation and amortization, and change in amortized cost of Ordinary LP Units and Class A LP Units of the Partnership.

References to Adjusted EBITDA are to SIR's EBITDA plus or minus interest (income) and other expense (income) – net, goodwill impairment, impairment of non-financial assets, loss on disposal of property and equipment, cash rent payments, and pre-opening costs. Pre-opening costs are added back to EBITDA because management views these costs as investments in new restaurants and not as on-going costs of operations.

Management believes that, in addition to net earnings or loss, EBITDA and Adjusted EBITDA are useful supplemental measures in evaluating SIR's performance, as these are useful estimates of the core business' contribution to cash flow from operations and approximate the funds generated by SIR which are available to meet its financing obligations and capital expenditure requirements. Management interprets trends in EBITDA and Adjusted EBITDA as indicators of relative operating performance. EBITDA and Adjusted EBITDA are non-GAAP financial measures and do not have standardized meanings prescribed by IFRS. Management cautions investors that EBITDA and Adjusted EBITDA should not replace net earnings or loss or cash flows from operating, investing and financing activities (as determined in accordance with IFRS), as an indicator of SIR's performance. SIR's method of calculating EBITDA and Adjusted EBITDA may differ from the methods used by other issuers. Therefore, SIR's EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Please refer to the reconciliation of net earnings (loss) and comprehensive loss for the period to EBITDA and Adjusted EBITDA on page 8 of this document.

Forward Looking Information

Certain statements contained in this report, or incorporated herein by reference, including the information set forth as to the future financial or operating performance of the Fund or SIR, that are not current or historical factual statements may constitute forward-looking information within the meaning of applicable securities laws ("forward-looking statements"). Statements concerning the objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates, and the business, operations, financial performance and condition of the Fund, the SIR Holdings Trust (the "Trust"), the Partnership, SIR, the SIR Restaurants or industry results, are forward-looking statements. The words "may", "will", "should", "would", 'could", "expect", "believe", "plan", "anticipate", "intend", "estimate" and other similar terminology and the negative of such expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Fund, the Trust, the Partnership, SIR, the SIR Restaurants or industry results, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. These statements reflect Management's current expectations, estimates and projections regarding future events and operating performance and speak only as of the date of this document. Readers should not place undue importance on forward-looking statements and should not rely upon this information as of any other date. Risks related to forward-looking statements include, among other things, challenges presented by a number of factors, including: the impact of the COVID-19 pandemic; market conditions at the time of this filing; competition; changes in demographic trends; weather; changing consumer preferences and discretionary spending patterns; changes in consumer confidence; changes in national and local business and economic conditions; pandemics or other material outbreaks of disease or safety issues affecting humans or animals or food products; the ability to maintain staffing levels; the impact of inflation, including on input prices and wages; the impact of the crisis in the Ukraine; changes in tariffs and international trade; changes in foreign exchange and interest rates; changes in availability of credit; legal proceedings and challenges to intellectual property rights; dependence of the Fund on the financial condition of SIR; legislation and governmental regulation, including the cost and/or availability of labour as it relates to changes in minimum wage rates or other changes to labour legislation and forced closures of or other limits placed on restaurants and bars; laws affecting the sale and use of alcohol (including availability and enforcement); changes in cannabis laws; changes in environmental laws; privacy matters; accounting policies and practices; changes in tax laws; and the results of operations and financial condition of SIR. The foregoing list of factors is not exhaustive. Many of these issues can affect the Fund's or SIR's actual results and could cause their actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Fund or SIR. There can be no assurance that SIR will remain compliant in the future with all of its financial covenants under the Credit Agreement and imposed by the lender. Given these uncertainties, readers are cautioned that forward-looking statements are not guarantees of future performance and should not place undue reliance on them. The Fund and SIR expressly disclaim any obligation or undertaking to publicly disclose or release any updates or revisions to any forward-looking statements. Forward-looking statements are based on Management's current plans, estimates, projections, beliefs and opinions, and the Fund and SIR do not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change, except as expressly required by applicable securities laws. This Management's Discussion and Analysis is provided as of June 22, 2022.

In formulating the forward-looking statements contained herein, SIR Management has assumed that it will be successful in dealing with the effects of the COVID-19 pandemic and that business and economic conditions affecting SIR's restaurants and the Fund will return to normalcy within the short to medium term. For more information concerning the Fund's risks and uncertainties, please refer to the Fund's Annual Information Form dated March 22, 2022 for the period ended December 31, 2021, which is available under the Fund's profile at www.sedar.com.

All of the forward-looking statements made herein are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Fund or SIR. See 'Risk Factors' in the Fund's Annual Information Form dated March 22, 2022 for the period ended December 31, 2021.

Additional information related to the Fund, the Partnership, and SIR can be found at www.sedar.com under SIR Royalty Income Fund and on SIR's website at www.sircorp.com