SIR CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE 12-WEEK AND 36-WEEK PERIODS ENDED MAY 10, 2026

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Executive Summary

SIR Corp.'s ("SIR" or the "Company") third quarter of Fiscal 2026 comprises the 12-week period from February 16, 2026 to May 10, 2026. The following is a summary of operational and financial results for SIR's 12-week and 36-week periods ended May 10, 2026 ("Q3 2026" and "YTD 2026", respectively):

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

- Food and beverage revenue from corporate restaurant operations for Q3 2026 totaled $69.7 million, an increase of 7.5%, or $4.9 million, compared to $64.8 million for the 12-week period ended May 4, 2025 ("Q3 2025"). Food and beverage revenue from corporate restaurant operations for YTD 2026 was $202.6 million, an increase of 7.2% or $13.5 million, compared to $189.0 million for the 36-week period ended May 4, 2025 ("YTD 2025").
- Consolidated SSS(1) increased by 2.5% for Q3 2026 and 3.6% for YTD 2026.
- SIR's flagship Concept Restaurant brand, Jack Astor's® Bar and Grill ("Jack Astor's"), which generated approximately 61.1% and 61.6% of Pooled Revenue in Q3 2026 and YTD 2026, respectively, had a SSS(1) decline of 0.2% for Q3 2026 and a SSS(1) increase of 2.2% for YTD 2026.
- Scaddabush Italian Kitchen & Bar® ("Scaddabush") had SSS(1) increases of 7.0% and 5.0% for Q3 2026 and YTD 2026, respectively.
- The Signature Restaurants had SSS(1) increases of 6.6% and 8.7% for Q3 2026 and YTD 2026, 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 new restaurant development and existing store renovations is a key performance-enhancing initiative. SIR's management continues to monitor consumer confidence and economic conditions such as interest rates, inflation and consumer spending patterns. Based on the assessment of these conditions and the timing of new restaurant construction, the opening schedules of new restaurants will be reviewed regularly by SIR's management and adjusted as necessary.

During Q1 2026, on September 1, 2025, SIR closed the Jack Astor's location in Barrie, Ontario for 30 days to complete a major renovation and train personnel on an entirely new service package, including new food and beverage menus. This renovation also included the unveiling of its new concept, Freida's Beverage Kitchen™ ("Freida's"). SIR believes that dining, at its core, is about connection – over great food, great drinks and shared experiences. Accordingly, SIR revamped the menu so that many dishes are designed for sharing, including a new pizza category, making each meal at Jack Astor's + Freida's an event to mix, match, and indulge together. SIR has developed Freida's as a place where the art of cocktail creation is crafted and celebrated through iconic categories of Margaritas, Classics, Dirty Sodas and more. Freida's is a vibrant space that blends theatre with every sip and is situated in the heart of the Jack Astor's locations in Barrie and Oshawa, Ontario (opened on December 3, 2025). With the combination of Jack Astor's + Freida's, SIR is defining a new era of social dining, with two distinct identities under one roof and one shared mission – to make dining out feel alive again.

During Q1 2026, on September 15, 2025, due to economic conditions and the prolonged closure of Queen Street East in downtown Toronto due to construction activity, SIR permanently closed the Duke's Refresher® + Bar ("Duke's Refresher") location at the intersection of Queen Street East and Broadview Avenue.

During Q2 2026, on December 3, 2025, SIR opened a new Jack Astor's + Freida's location in Oshawa, Ontario. This new restaurant is expected to be added to the Royalty Pooled Restaurants effective January 1, 2027.

During Q3 2026, on April 1, 2026, SIR opened a new Scaddabush location in Windsor, Ontario. This new restaurant is expected to be added to the Royalty Pooled Restaurants effective January 1, 2027.

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(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 21).

During Q3 2026, on April 13, 2026, SIR closed the Jack Astor's in Richmond Hill, Ontario for a total of 36 days to complete a major renovation and upgrade, including the introduction of its new Freida's concept, and to train personnel on the new service package. Of the 36 days this location was closed, 27 days were during Q3 2026 and the remaining nine days were subsequent to the end of the quarter.

As at the date of this report, SIR has leased four properties – in Aurora, Kanata and London, Ontario and Dartmouth, Nova Scotia – upon which it plans to develop four new Scaddabush locations. SIR has also leased a property in Windsor, Ontario upon which it plans to develop a new Jack Astor's + Freida's location. There can be no assurance at this time that these planned new restaurants will be opened, or that any of these five new locations will become part of the Royalty Pooled Restaurants.

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

- Net income and comprehensive income was $0.5 million for Q3 2026, compared to net loss and comprehensive loss of $0.4 million for Q3 2025. Net loss and comprehensive loss was $15.2 million for YTD 2026, compared to $7.4 million for YTD 2025.
- Adjusted Net Earnings(1) were $2.8 million in Q3 2026, compared to $2.5 million in Q3 2025. Adjusted Net Earnings(1) were $2.8 million in YTD 2026, compared to $2.6 million in YTD 2025.
- EBITDA(1) and Adjusted EBITDA(1) in Q3 2026 totaled $10.2 million and $7.2 million, respectively, compared to $10.4 million and $6.8 million, respectively, in Q3 2025.
- EBITDA(1) and Adjusted EBITDA(1) in YTD 2026 totaled $24.9 million and $16.9 million, respectively, compared to $25.5 million and $15.4 million, respectively, in YTD 2025.

Cybersecurity Incident

During Q1 2025, commencing on September 26, 2024, SIR experienced a cybersecurity incident (the "Cybersecurity Incident") that impacted a portion of its IT infrastructure. SIR immediately engaged third-party cybersecurity experts to assist with its containment, remediation and investigation efforts. Despite the related operational disruptions, guest payment platforms remained secure, and SIR continued to operate all of its restaurants. As a result of the Cybersecurity Incident, SIR experienced a decline in revenue, most notably during the 27-day period following the onset of the incident, while certain restaurant technology was being restored, as well as increased cost of operations, and other associated costs related to investigation and mitigation of loss services. SIR was able to predominantly restore operational technology and third-party delivery partner servers by October 23, 2024.

SIR submitted a business interruption claim and worked with its insurance provider to assess the coverage details and determine the appropriate compensation for the disruption. During Q4 2025, SIR received the maximum payout for first party losses of $2.0 million under its cyber insurance policy. The approved proceeds paid to SIR were comprised of a $0.2 million reimbursement of costs directly attributable to the cybersecurity incident and $1.8 million toward the business interruption portion of the claim. The insurer had also previously paid directly to SIR's external IT consultants $0.4 million of the $0.5 million maximum for breach response costs.

Overview

SIR is a private company amalgamated under the Business Corporations Act of Ontario. As at May 10, 2026, SIR owned 55 Concept and Signature Restaurants in Canada (in Ontario, Quebec, Nova Scotia, and Newfoundland). The Concept Restaurants include Jack Astor's, including Jack Astor's + Freida's, and Scaddabush. The Signature Restaurants include REDS® Square One (which also operates an Abbey's Bakehouse® retail outlet), the Loose Moose Tap & Grill® (the "Loose Moose"), and Edna + Vita®. SIR also owns one Duke's Refresher restaurant (currently not part of Royalty Pooled Restaurants) located in the St. Lawrence Market neighborhood of downtown Toronto, which is also considered a Signature Restaurant. SIR owns 100% of its Canadian restaurants. As at May 10, 2026, 52 SIR Restaurants were included in Royalty Pooled Restaurants, including 35 Jack Astor's locations, 14 Scaddabush locations, REDS Square One, the Loose Moose, and Edna + Vita.

SIR believes that Duke's Refresher has multi-unit growth potential and has advised the Trustees of the SIR Royalty Income Fund (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, no Duke's Refresher locations were added to the Royalty Pool on January 1, 2026. The Duke's Refresher brand is currently being managed and developed by SIR's Signature group. Accordingly, the Duke's Refresher location 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 SIR Royalty Limited Partnership (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. SIR's 2026 fiscal year contains 52 weeks (2025 – 53 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 10, 2026 and May 4, 2025. The unaudited interim consolidated financial statements of SIR are prepared in accordance with International Financial Reporting Standards ("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		36-Week Period Ended	
	May 10, 2026	**May 4, 2025**	**May 10, 2026**	**May 4, 2025**
	(in thousands of dollars) (unaudited)			
Corporate restaurant operations:				
Revenue	69,976	65,042	203,321	189,621
Cost of corporate restaurant operations	60,270	55,717	178,204	168,072
Earnings from corporate restaurant operations	**9,706**	**9,325**	**25,117**	**21,549**
Net income (loss) and comprehensive income (loss)	**462**	**(413)**	**(15,170)**	**(7,356)**
Adjusted Net Earnings[(1)]	**2,826**	**2,538**	**2,802**	**2,646**

Statement of Financial Position	**May 10, 2026**	**August 31, 2025**
	(in thousands of dollars) (unaudited)	
Total assets	137,007	130,487
Total non-current liabilities	262,057	249,481

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 income (loss) and comprehensive income (loss) and net cash flow. Adjusted Net Earnings (Loss)[(1)] consist of net income (loss) and comprehensive income (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 income (loss) and comprehensive income (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 income (loss) and comprehensive income (loss) for the 12-week and 36-week periods ended May 10, 2026 and May 4, 2025 to Adjusted Net Earnings[(1)]:

	12-Week Period Ended		**36-Week Period Ended**	
	May 10, 2026	**May 4, 2025**	**May 10, 2026**	**May 4, 2025**
	(in thousands of dollars) (unaudited)			
Net income (loss) and comprehensive income (loss) for the period	462	(413)	(15,170)	(7,356)
Change in amortized cost of Ordinary LP Units and Class A LP Units of the Partnership	2,364	2,951	17,972	10,002
Adjusted Net Earnings (Loss)[(1)]	**2,826**	**2,538**	**2,802**	**2,646**

The following table reconciles net income (loss) and comprehensive income (loss) for the 12-week and 36-week periods ended May 10, 2026 and May 4, 2025 to EBITDA(1) and Adjusted EBITDA(1):

	12-Week Period Ended		36-Week Period Ended	
	May 10, 2026	**May 4, 2025**	**May 10, 2026**	**May 4, 2025**
	(in thousands of dollars) (unaudited)			
Net income (loss) and comprehensive income (loss) for the period	462	(413)	(15,170)	(7,356)
Add (deduct):				
(Recovery of) provision for income taxes	(104)	30	(104)	30
Interest expense	553	890	1,688	2,247
Interest on lease obligations	868	957	2,659	2,915
Interest on loan payable to SIR Royalty Income Fund	716	721	2,139	2,138
Depreciation and amortization	5,305	5,228	15,718	15,555
Change in amortized cost of Ordinary LP Units and Class A LP Units of the Partnership	2,364	2,951	17,972	10,002
EBITDA(1)	**10,164**	**10,364**	**24,902**	**25,531**
Interest and other income – net	17	230	(153)	551
Stock based compensation	109	-	2,525	1
(Impairment) Recovery of impairment of financial assets	-	(19)	-	24
(Gain) Loss on disposal of property and equipment	261	(35)	100	551
Cash rent	(4,105)	(3,943)	(12,157)	(11,617)
Preopening costs	771	170	1,642	318
Adjusted EBITDA(1)	**7,217**	**6,767**	**16,859**	**15,359**
Income from Class A & B GP Units of the Partnership(2) (Not included in EBITDA(1) and Adjusted EBITDA(1) above)	648	580	1,984	1,383
6% Royalty obligations under License and Royalty Agreement(3)	3,990	3,825	11,603	10,630

(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.

Results of Operations

Reconciliation of Revenue from Consolidated Financial Statements to Pooled Revenue	**12-Week Period Ended**		**36-Week Period Ended**	
	May 10, 2026	**May 4, 2025**	**May 10, 2026**	**May 4, 2025**
	(in thousands of dollars) (unaudited)			
Food and beverage revenue reported in consolidated financial statements	69,716	64,828	202,579	189,030
Less: Revenue from corporate restaurant operations excluded from the Royalty pool	(3,217)	(1,076)	(9,193)	(11,868)
Revenue for Restaurants in Royalty pool (Pooled Revenue)	**66,499**	**63,752**	**193,386**	**177,162**

Reconciliation of Revenue from Consolidated Financial Statements to Same Store Sales[1]	**12-Week Period Ended**		**36-Week Period Ended**	
	May 10, 2026	**May 4, 2025**	**May 10, 2026**	**May 4, 2025**
	(in thousands of dollars) (unaudited)			
Food and beverage revenue reported in consolidated financial statements	69,716	64,828	202,579	189,030
Less: Revenue from corporate restaurant operations excluded from Same Store Sales[1]	(4,182)	(910)	(9,487)	(2,639)
Same Store Sales[1]	**65,534**	**63,918**	**193,092**	**186,391**

Same Store Sales[1] by Brand	**12-Week Period Ended**			**36-Week Period Ended**		
	May 10, 2026	**May 4, 2025**	**% Fav./ (Unfav.)**	**May 10, 2026**	**May 4, 2025**	**% Fav./ (Unfav.)**
	(in thousands of dollars) (unaudited)					
Jack Astor's	39,277	39,359	(0.2%)	116,348	113,857	2.2%
Scaddabush	20,507	19,163	7.0%	59,798	56,944	5.0%
Signature Restaurants	5,750	5,395	6.6%	16,946	15,590	8.7%
Same Store Sales[1]	**65,534**	**63,917**	**2.5%**	**193,092**	**186,391**	**3.6%**

Disaggregated food and beverage revenue by Concept	**12-Week Period Ended**		**36-Week Period Ended**	
	May 10, 2026	**May 4, 2025**	**May 10, 2026**	**May 4, 2025**
	(in thousands of dollars) (unaudited)			
Jack Astor's	40,623	39,987	119,058	115,714
Scaddabush	23,343	19,163	66,527	56,944
Signature Restaurants	5,750	5,678	16,994	16,372
	69,716	**64,828**	**202,579**	**189,030**

Summary of Quarterly Results

Statements of Operations	3rd Quarter Ended May 10, 2026 (12 weeks)	2nd Quarter Ended February 15, 2026 (12 weeks)	1st Quarter Ended November 23, 2025 (12 weeks)	4th Quarter Ended August 31, 2025 (17 weeks)	3rd Quarter Ended May 4, 2025 (12 weeks)	2nd Quarter Ended February 9, 2025 (12 weeks)	1st Quarter Ended November 17, 2024 (12 weeks)	4th Quarter Ended August 25, 2024 (16 weeks)
	(in thousands of dollars) (unaudited)							
Corporate Restaurant Operations								
Revenue	69,976	68,432	64,913	100,662	65,042	65,742	58,837	90,856
Cost of corporate restaurant operations	60,270	60,292	57,642	84,600	55,717	57,658	54,697	77,181
Earnings from corporate restaurant operations	**9,706**	**8,140**	**7,271**	**16,062**	**9,325**	**8,084**	**4,140**	**13,675**
Net income (loss) and comprehensive income (loss)	**462**	**(21,469)**	**5,837**	**(19,265)**	**(413)**	**(1,644)**	**(5,299)**	**10,009**
Adjusted Net Earnings (Loss)[(1)]	**2,826**	**(912)**	**888**	**7,172**	**2,538**	**1,703**	**(1,595)**	**6,079**

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

	3rd Quarter Ended May 10, 2026 (12 weeks)	2nd Quarter Ended February 15, 2026 (12 weeks)	1st Quarter Ended November 23, 2025 (12 weeks)	4th Quarter Ended August 31, 2025 (17 weeks)	3rd Quarter Ended May 4, 2025 (12 weeks)	2nd Quarter Ended February 9, 2025 (12 weeks)	1st Quarter Ended November 17, 2024 (12 weeks)	4th Quarter Ended August 25, 2024 (16 weeks)
	(in thousands of dollars) (unaudited)							
Net income (loss) and comprehensive income (loss)	462	(21,469)	5,837	(19,265)	(413)	(1,644)	(5,299)	10,009
Change in amortized cost of the Ordinary LP Units and Class A LP Units of the Partnership	2,364	20,557	(4,949)	26,437	2,951	3,347	(3,704)	(3,930)
Adjusted Net Earnings (Loss)[(1)]	**2,826**	**(912)**	**888**	**7,172**	**2,538**	**1,703**	**(1,595)**	**6,079**

Selected Consolidated Statement of Cash Flows Information:

	3rd Quarter Ended May 10, 2026 (12 weeks)	2nd Quarter Ended February 15, 2026 (12 weeks)	1st Quarter Ended November 23, 2025 (12 weeks)	4th Quarter Ended August 31, 2025 (17 weeks)	3rd Quarter Ended May 4, 2025 (12 weeks)	2nd Quarter Ended February 9, 2025 (12 weeks)	1st Quarter Ended November 17, 2024 (12 weeks)	4th Quarter Ended August 25, 2024 (16 weeks)
	(in thousands of dollars) (unaudited)							
Cash provided by operations	8,359	4,352	8,150	20,141	10,964	3,505	2,917	18,887
Cash used in investing activities	(3,638)	(3,415)	(3,066)	(4,223)	(1,214)	(1,072)	(3,701)	(8,043)
Cash used in financing activities	(4,384)	(6,264)	(5,868)	(6,887)	(7,734)	(2,590)	(3,127)	(5,901)
Increase (decrease) in cash during the period	337	(5,327)	(784)	9,031	2,016	(157)	(3,911)	4,943
Cash – Beginning of period*	7,318	12,645	13,429	4,398	2,382	2,539	6,450	1,507
Cash – End of period*	7,655	7,318	12,645	13,429	4,398	2,382	2,539	6,450

**Cash balance includes the cash balance of the Partnership*

Revenue

There are a number of references to different revenue groupings used in SIR's unaudited condensed interim consolidated financial statements, the notes thereto and this Management Discussion & Analysis ("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 income (loss)) – this is the total consolidated revenue of all SIR restaurants, including sales of packaged food and beverage products to third-party retailers and gift card related revenues for the period, as well as the seasonal Abbey's Bakehouse in Muskoka, Ontario. SIR also operates an Abbey's Bakehouse retail outlet out of REDS Square One in Mississauga, Ontario. For the 12-week and 36-week periods ended May 10, 2026, revenue was $70.0 million and $203.3 million, respectively.

ii. Same Store Sales(1) ("SSS") – this is a subset of revenue used for tracking comparable year-over-year sales. For Q3 2026 and YTD 2026, SSS(1) includes all SIR restaurants, except for those restaurants that were not open for the entire comparable periods in Fiscal 2026 and Fiscal 2025, and the seasonal Abbey's Bakehouse as it is not a SIR restaurant. Accordingly, SSS(1) performance for Q3 2026 and YTD 2026 does not include the new Jack Astor's restaurant located in Oshawa, Ontario, the new Scaddabush restaurants located in Barrie and Windsor, Ontario, the closed Jack Astor's locations in North York, Ontario and Longueuil, Quebec, and the closed Duke's Refresher at the intersection of Queen Street East and Broadview Avenue in Toronto, since they were not open for both comparable periods in Fiscal 2026 and Fiscal 2025. For the 12-week and 36-week periods ended May 10, 2026, SSS(1) totaled $65.5 million and $193.1 million, respectively.

iii. Pooled Revenue – this is the revenue subject to the License and Royalty Agreement – includes revenue from all Royalty Pooled Restaurants. The Royalty Pooled Restaurants are adjusted on January 1st of each year for New Additional Restaurants and/or New Closed Restaurants. As at May 10, 2026, there were 52 Royalty Pooled Restaurants. For Q3 2026 and YTD 2026, Pooled Revenue was $66.5 million and $193.4 million, respectively. The applicable Royalty payable to the Partnership on the Pooled Revenue for these periods was $4.0 million and $11.6 million, respectively.

Same Store Sales[(1)]

SSS[(1)] are typically impacted by changes in guest traffic and average cheque amount. SIR believes that certain macroeconomic factors, such as inflation and interest rate uncertainty, can impact consumer discretionary spending. SIR continues to innovate and provide immersive new product and service offerings to increase dine-in guest visits to its restaurants and to capitalize on the increased popularity of take-out and delivery services in commercial foodservice.

SIR had overall SSS[(1)] increases of 2.5% and 3.6% for Q3 2026 and YTD 2026, respectively. Sales in Q3 2026 were positively impacted by the inclusion of Mother's Day as compared to it occurring during Q4 last fiscal year. The YTD 2026 increases across all brands were aided by the Toronto Blue Jays' pennant race and subsequent postseason success during Q1 2026 which contributed to an increase in guest traffic, particularly at SIR's Toronto locations, as well as the negative impact of the Cybersecurity Incident during Q1 2025 across all brands. During the 27-day period in which the Cybersecurity Incident impacted SIR's restaurant network, SIR restaurants were unable to access third-party delivery partner platforms, in addition to SIR's online application, *Inspired Rewards®*, resulting in nil sales via these revenue streams. Sales in YTD 2025 were positively impacted by the federal GST/HST holiday in Canada that was in place from December 14, 2024 to February 15, 2025, during portions of Q2 2025 and Q3 2025, which resulted in higher guest counts due to lower consumer costs for commercial food and beverage services. Sales in YTD 2026 were negatively impacted by more severe winter weather during Q2 2026 in the Greater Toronto Area ("GTA") where the majority of SIR's restaurants are located.

Jack Astor's, which contributed approximately 61.1% of Q3 2026 Pooled Revenue, had a SSS[(1)] decrease of 0.2% in Q3 2026 and a SSS[(1)] increase of 2.2% for YTD 2026. Jack Astor's SSS[(1)] performance for Q3 2026 and YTD 2026 includes 35 of 36 locations currently in operation. The Jack Astor's location in Oshawa, Ontario is excluded from the calculation of SSS[(1)] performance in Q3 2026 and YTD 2026 as it was not open for the entire comparable periods in Fiscal 2026 and Fiscal 2025. Jack Astor's slight SSS[(1)] decline in Q3 2026 was partially attributable to the closure of the Jack Astor's in Richmond Hill for 27 days during the quarter for renovations. SSS[(1)] growth for YTD 2026 reflects increased guest counts due to the aforementioned Cybersecurity Incident during Q1 2025, and the success of the Toronto Blue Jays during Q1 2026, along with increased pricing. These positive impacts were partially offset by the aforementioned closure of one Jack Astor's location in Q3 2026 for 27 days and the closure of one Jack Astor's location for 30 days in Q1 2026 for renovations, compared to no restaurant closures due to renovations in YTD 2025. SIR management continues to monitor macroeconomic factors such as inflation and interest rate uncertainty and their impact on consumer discretionary spending, particularly related to the younger demographic of Jack Astor's customer base.

Scaddabush SSS[(1)] performance for Q3 2026 and YTD 2026 includes 13 out of the 15 locations currently in operation. The Scaddabush locations in Barrie and Windsor, Ontario are excluded from the calculation of SSS[(1)] in Q3 2026 and YTD 2026 as they were not open for the entire comparable periods in Fiscal 2026 and Fiscal 2025. Scaddabush had SSS[(1)] increases of 7.0% and 5.0% for Q3 2026 and YTD 2026, respectively. The increase in Q3 2026 reflects higher guest traffic, including the positive impact of a Mother's Day brunch menu in the quarter, and increased pricing. The YTD 2026 increase reflects increased guest traffic and pricing, and the negative impact of the Cybersecurity Incident in Q1 2025.

The Signature Restaurants SSS[(1)] performance for Q3 2026 and YTD 2026 includes four restaurants (REDS Square One, the Loose Moose, Edna + Vita, and Duke's Refresher). The Signature Restaurants had SSS[(1)] increases of 6.6% and 8.7% for Q3 2026 and YTD 2026, respectively. The increase for Q3 2026 reflects higher guest traffic at each of the Signature Restaurants and increased pricing. The SSS[(1)] increase for YTD 2026 is primarily attributable to increased guest traffic and pricing, and the negative impact of the Cybersecurity Incident in Q1 2025.

Cost of Corporate Restaurant Operations

Cost of corporate restaurant operations totaled $60.3 million, or 86.1% of revenue, in Q3 2026, compared to $55.7 million, or 85.7% of revenue, in Q3 2025. The increase in Q3 2026 primarily reflects higher rent and operational costs associated with increased revenue in the period, as well as the opening of one new restaurant in Q3 2026, which resulted in significant pre-opening costs, along with additional operational costs related to the new restaurant. Cost of corporate restaurant operations totaled $178.2 million, or 87.6% of revenue, in YTD 2026, compared to $168.1 million, or 88.6% of revenue, in YTD 2025. The increase in YTD 2026 was primarily attributable to higher rent and increased operational costs associated with increased revenue, including personnel and product costs. The slight decline in cost of corporate restaurant operations as a percentage of revenue for YTD 2026 primarily reflects SIR's response to the Cybersecurity Incident in Q1 2025, which resulted in additional costs of operations, and other associated costs related to investigation and mitigation of loss services. The decrease in YTD 2026 as a percentage of revenue also reflects the opening of two new restaurants in Q4 2024, which resulted in significant pre-opening costs that were partially recorded in Q1 2025, along with additional operational costs related to the new restaurants.

Corporate Costs

Corporate costs were $4.8 million for Q3 2026, compared to $4.0 million for Q3 2025, and $16.1 million for YTD 2026, compared to $11.0 million for YTD 2025. The increases in Q3 2026 and YTD 2026 are attributable to higher compensation costs, including additional stock compensation costs for vested stock options granted to certain SIR executives, and higher professional fees, including consulting and recruitment fees.

Interest Expense

Interest expense for Q3 2026 and YTD 2026 was $0.5 million and $1.7 million, respectively, compared to $0.9 million and $2.2 million, respectively, for Q3 2025 and YTD 2025. The decreases are primarily related to lower interest rates associated with SIR's new Credit Agreement.

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 income (loss). The change in the amortized cost is a non-cash transaction and accordingly, has no impact on cash flows. For Q3 2026 and YTD 2026, the change in amortized cost resulted in expenses of $2.4 million and $18.0 million, respectively, reflecting an increase in the underlying Fund unit price compared to the end of Fiscal 2025 and changes to the estimated cash flows derived from the Fund as at Q3 2026. For Q3 2025 and YTD 2025, the change in amortized cost resulted in expenses of $3.0 million and $10.0 million, respectively, reflecting increases in the underlying Fund unit price compared to the end of Q2 2025 and Fiscal 2024, respectively.

Interest on the SIR Loan totaled $0.7 million and $2.1 million for Q3 2026 and YTD 2026, respectively, compared to $0.7 million and $2.1 million for Q3 2025 and YTD 2025, respectively.

Net Income (Loss) and Comprehensive Income (Loss), and Adjusted Net Earnings

Net income and comprehensive income was $0.5 million for Q3 2026, compared to net loss and comprehensive loss of $0.4 million for Q3 2025. Net loss and comprehensive loss was $15.2 million for YTD 2026, compared to $7.4 million for YTD 2025. The positive variance in Q3 2026 compared to Q3 2025 primarily reflects the change in the amortized cost of the Ordinary LP Units and Class A Units of the Partnership that SIR holds (as described above), lower interest costs and increased earnings from restaurant operations. The negative variance in YTD 2026 compared to YTD 2025 primarily reflects the change in the amortized cost of the Ordinary LP Units and Class A Units of the Partnership that SIR holds (as described above), partially offset by increased earnings from restaurant operations.

Adjusted Net Earnings(1) were $2.8 million in Q3 2026, compared to $2.5 million in Q3 2025. The increase is primarily attributable to an increase in revenue from corporate restaurant operations, partially offset by an increase in cost of corporate restaurant operations.

Adjusted Net Earnings(1) were $2.8 million in YTD 2026, compared to $2.6 million in YTD 2025. The increase is primarily attributable to an increase in revenue from corporate restaurant operations and decreases in interest and other expenses, partially offset by increases in cost of corporate restaurant operations and corporate costs.

EBITDA(1) and Adjusted EBITDA(1)

EBITDA(1) totaled $10.2 million and $24.9 million for Q3 2026 and YTD 2026, respectively, compared to $10.4 million and $25.5 million for Q3 2025 and YTD 2025, respectively. The decreases are primarily attributable to the year-over-year increases in costs of corporate restaurant operations and corporate costs, as discussed above.

Adjusted EBITDA(1) totaled $7.2 million and $16.9 million for Q3 2026 and YTD 2026, respectively, compared to $6.8 million and $15.4 million for Q3 2025 and YTD 2025, respectively. (See Selected Consolidated Historical Financial Information – Reconciliation of net income (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 May 15, 2025, SIR, the Fund and the Partnership entered into a Subordination Agreement (defined below) to subordinate and postpone their claims against SIR in favour of the Lenders (as defined on page 16). The Fund and the Partnership have not guaranteed the current credit facility (see Liquidity and Capital Resources section on page 16).

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 Subordination Agreement.

SIR has a Subordination Agreement with the Lenders, the Fund, and the Partnership. Under the Subordination Agreement, absent any default or event of default under the Credit Agreement (as defined on page 16), 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 action 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 Subordination 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 income (loss) in the amounts of $0.7 million for both Q3 2026 and Q3 2025, and $2.1 million for both YTD 2026 and YTD 2025.

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.

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

	12-Week Period Ended		36-Week Period Ended	
	May 10, 2026	May 4, 2025	May 10, 2026	May 4, 2025
	(in thousands of dollars) (unaudited)			
Balance – Beginning of the period, as previously reported	142,129	108,525	131,969	103,293
Revision	-	-	-	3,729
Balance – Beginning of period, revised	142,129	108,525	131,969	107,022
Change in amortized cost of the Ordinary LP Units and Class A LP Units of the Partnership	2,364	2,951	17,972	10,002
Distributions paid to Ordinary LP and Class A LP unitholders	(2,840)	(2,499)	(8,288)	(8,047)
Balance – End of period	141,653	108,977	141,653	108,977
Less: Current portion of Ordinary LP Units and Class A LP Units of the Partnership	(11,358)	(9,991)	(11,358)	(9,991)
Ordinary LP Units and Class A LP Units of the Partnership	130,295	98,986	130,295	98,986

	12-Week Period Ended		36-Week Period Ended	
	May 10, 2026	May 4, 2025	May 10, 2026	May 4, 2025
	(in thousands of dollars) (unaudited)			
Pooled Revenue(4)	66,499	63,752	193,386	177,162
Partnership royalty income(5)	3,990	3,825	11,603	10,630
Other Income (expense)	98	13	89	24
Partnership expenses	(34)	(17)	(74)	(70)
Net earnings of the Partnership	4,054	3,821	11,618	10,584
SIR's residual interest in the earnings of the Partnership:				
Income from Class A & B GP Units of the Partnership	(648)	(580)	(1,984)	(1,383)
Income from Class C GP Units of the Partnership	(697)	(702)	(2,081)	(2,081)
	(1,345)	(1,282)	(4,065)	(3,464)
Fund's interest in the earnings of the Partnership	2,709	2,539	7,553	7,120

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.

(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.*

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 income (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, 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, 2026, one new SIR Restaurant was added (January 1, 2025 – four) to the Royalty Pooled Restaurants in accordance with the Partnership Agreement. As consideration for the additional Royalty associated with the addition of one new SIR Restaurant on January 1, 2026 (January 1, 2025 – four) as well as the Second Incremental Adjustment for the four new SIR Restaurants added to Royalty Pooled Restaurants on January 1, 2025 (January 1, 2024 – one), SIR converted its Class B GP Units into Class A GP Units based on the formula defined in the Partnership Agreement. In addition, there was a re-conversion of Class A GP Units into Class B GP Units for the permanent closure of one (January 1, 2025 – one) SIR Restaurant during 2025. The net effect of these adjustments to Royalty Pooled Restaurants was that SIR converted 124,306 Class B GP Units into 124,306 Class A GP Units on January 1, 2026 (January 1, 2025 – SIR converted 581,312 Class B GP Units into Class A GP Units), increasing the value of the SIR Rights by $2.4 million (January 1, 2025 – increasing the value of the SIR rights by $7.1 million).

In addition, the revenues of the four (January 1, 2024 – one) new SIR Restaurants added to Royalty Pooled Restaurants on January 1, 2025 were greater than 80% of the Initial Adjustment's estimated revenue and, as a result, the distributions of the Class A GP Units were increased by a special conversion distribution of $0.14 million in December 2025 and paid in January 2026 (January 1, 2024 – the revenues of the one new SIR Restaurant were greater than 80% of the Initial Adjustment's estimated revenue and, as a result, the distributions of the Class A GP Units were increased by a special conversion distribution of $0.04 million in December 2024 and paid in January 2025).

SIR's residual interest in the Partnership is 16.82% as at May 10, 2026 (August 31, 2025 – 15.78%).

(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		36-Week Period Ended	
	May 10, 2026	May 4, 2025	May 10, 2026	May 4, 2025
	(in thousands of dollars) (unaudited)			
Cash provided by operations	8,359	10,964	20,861	17,386
Cash used in investing activities	(3,638)	(1,214)	(10,119)	(5,987)
Cash used in financing activities	(4,384)	(7,734)	(16,516)	(13,451)
Increase (decrease) in cash during the period	337	2,016	(5,774)	(13,451)
Cash – Beginning of period*	7,318	2,382	13,429	6,450
Cash – End of period*	7,655	4,398	7,655	4,398

**Cash balance includes the cash balance of the Partnership*

Cash provided by operations decreased by $2.6 million in Q3 2026 and increased by $3.5 million in YTD 2026. For Q3 2026, the decrease was primarily attributable to a $2.7 million negative variance in the net change in working capital items and a $0.3 million increase in distributions paid to the Ordinary LP and Class A unitholders, partially offset by a $0.9 million increase in net income for the period. For YTD 2026, the increase was primarily attributable to a $1.6 million positive variance in the net change in working capital and a $0.6 million increase in supplier rebates received, partially offset by a $0.2 million increase in distributions paid to the Ordinary LP and Class A unitholders.

Cash used in investing activities increased by $2.4 million and $4.1 million in Q3 2026 and YTD 2026, respectively. The increases reflect higher property and equipment purchases.

Cash used in financing activities decreased by $3.4 million in Q3 2026 and increased by $3.1 million in YTD 2026, respectively. The decrease in Q3 2026 was primarily attributable to a $2.0 million increase in proceeds from the issuance of long-term debt, a $1.1 million decrease in bank indebtedness, and a $0.3 million decrease in the repayment of long-term debt. In YTD 2026, the increase was primarily attributable to a $7.5 million decrease in proceeds from the issuance of long-term debt, partially offset by a $6.3 million decrease in the repayment of long-term debt and a $0.8 million decrease in interest paid. Cash used in financing activities in YTD 2025 was partially offset by the receipt of a $2.5 million shareholder loan.

As at May 10, 2026, SIR had current assets of $25.1 million (August 31, 2025 – $27.8 million) and current liabilities of $78.3 million (August 31, 2025 – $69.4 million) resulting in a working capital deficit of $53.2 million (August 31, 2025 – $41.6 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.

On May 15, 2025, SIR entered into a credit agreement (the "Credit Agreement") with a syndicate of two Schedule 1 Canadian chartered banks (the "Lenders") to refinance the previous credit facility. Upon refinancing, the previous credit agreement was considered an extinguishment under IFRS. The Credit Agreement has a maturity date of May 15, 2028 (the "Maturity Date") and as at May 10, 2026 provided for a maximum principal amount of $68.0 million, consisting of: i) a $5.0 million revolving term credit facility (the "Operating Facility"), ii) a $38.0 million revolving term loan (the "Term Facility"), and iii) a $25.0 million non-revolving term loan (the "Delayed Draw Facility"). SIR and the Lenders have also entered into a purchase card agreement providing credit of up to an additional $1.5 million.

The Operating Facility is for general corporate and operating purposes, with the principal to be repaid in one bullet repayment on May 15, 2028. As at May 10, 2026, no funds were drawn on the Operating Facility.

The Term Facility is for extinguishing prior indebtedness and financing renovation capital expenditures. Advances on the Term Facility are repayable in quarterly instalments in an amount equal to 2.0833% of each advance. Advances on the Term Facility may be requested (subject to availability and lender approval), in a minimum amount of $1,000,000 and in multiples of $100,000, to finance capital spending on renovated restaurants. Advances will be repayable in equal quarterly instalments based on a 12-year amortization, with the remaining outstanding principal balance due on May 15, 2028. As at May 10, 2026, $35.6 million was drawn on the Term Facility.

The Delayed Draw Facility is for financing growth capital expenditures for new restaurants. Advances on the Delayed Draw Facility are repayable in quarterly instalments in an amount equal to 2.2727% of each advance. Advances on the Delayed Draw Facility may be requested (subject to availability and lender approval), in a minimum amount of $250,000, to finance capital spending on new restaurants. Advances are subject to interest only payments for the first four quarters and interest plus principal repayable thereafter in equal quarterly instalments based on an 11-year amortization, with the remaining outstanding principal balance due on May 15, 2028. As at May 10, 2026, $2.9 million was drawn on the Delayed Draw Facility.

The Operating Facility, the Term Facility and the Delayed Draw Facility bear interest at the prime rate and/or the term CORRA rate plus an applicable margin that is dependent on the Senior Net Funded Debt to Adjusted EBITDA Ratio as defined in the Credit Agreement. A standby fee is charged on the undrawn balance of each facility. The standby fee is also dependent on the Senior Net Funded Debt to Adjusted EBITDA Ratio.

For more information regarding the Credit Agreement, SIR's previous Credit Agreement and all related Amending Agreements, please refer to the SIR Royalty Income Fund's and SIR's prior interim and annual filings which can be found on SEDAR+ at www.sedarplus.ca under the Fund's profile.

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 Lenders. 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 Subordination Agreement (SIR Royalty Income Fund section on page 13).

The Credit Agreement is secured by substantially all the assets of SIR and most of its subsidiaries, which are also guarantors. The Partnership and the Fund have not guaranteed the Credit Agreement.

As at May 10, 2026, SIR's liquidity was comprised of $6.9 million of cash on hand (net of the cash balance of the Partnership) and $29.5 million available to borrow under its Credit Agreement.

Management believes these resources, combined with cash generated by operations, provide sufficient cash resources to fund its working capital requirements, scheduled debt repayments, and current commitments for estimated construction costs for new restaurants. However, availability under the previous Credit Agreement was subject to certain conditions, including certain financial and non-financial covenants as determined by the Lender. As at May 10, 2026, SIR was in compliance with all of the covenants.

SIR prepares budgets and forecasts to evaluate its ability to meet future cash obligations. SIR continues to assess changes in the marketplace, including economic conditions and consumer confidence. Based on these assessments, the timing of restaurant construction and opening schedules will be reviewed regularly by SIR's Management and adjusted as necessary.

Borrowings subject to financial covenants	Financial covenant	Frequency tested	Ratios to be compliant as at May 10, 2026	Ratios as at May 10, 2026
$38,537,000*	Senior Net Funded Debt to Adjusted EBITDA Ratio (a)	Quarterly	Maximum of 3.50:1	1.60:1
$38,537,000*	Fixed Charge Coverage Ratio (b)	Quarterly	Minimum of 1.10:1	1.99:1

*The fair value of the borrowings subject to financial covenants pursuant to the Credit Agreement is $38.5 million, which excludes deferred financing fees of $0.9 million.

For the purposes of these financial covenants, definitions of Senior Net Funded Debt to Adjusted EBITDA Ratio and Fixed Charge Coverage Ratio, along with all definitions contained within these ratios, can be found in the Fund's and SIR's prior interim filings, which can be found on SEDAR+ at www.sedarplus.ca under the Fund's profile.

One new restaurant was added to the Royalty Pooled Restaurants effective January 1, 2026 (January 1, 2025 - four). Refer to page 15 for further details of all changes and adjustments under the License and Royalty Agreement. After the net adjustments to the Royalty Pooled Restaurants on January 1, 2026, SIR held 1,693,453 Class A GP Units, representing a 16.82% residual interest in the Partnership. Under the terms of 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, which, as at May 10, 2026, had a market value of approximately $26.6 million. Under the Credit Agreement and without prior consent from the Lenders, SIR could 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 did 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.

As at the date of this report, SIR has leased four properties – in Aurora, Kanata and London, Ontario and Dartmouth, Nova Scotia – upon which it plans to develop four new Scaddabush locations. SIR has also leased a property in Windsor, Ontario upon which it plans to develop a new Jack Astor's + Freida's location. Final costs of construction are subject to uncertainties as to their amounts and timing. Items such as finalization of design and final construction quotations could change the total cost of these projects. There can be no assurance at this time that these planned new restaurants will be opened, or that these new locations will become part of the Royalty Pooled Restaurants.

Off-Balance Sheet Arrangements

SIR did not have any material off-balance sheet arrangements as at May 10, 2026, nor did it have any subsequent to Q3 2026.

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		36-Week Period Ended	
	May 10, 2026	May 4, 2025	May 10, 2026	May 4, 2025
	(in thousands of dollars) (unaudited)			
Property and equipment				
Fixtures purchased from a shareholder of SIR	12	5	47	13
Equipment purchased from a company owned by a director and shareholder of SIR, together with a member of executive management of SIR	1	28	25	75
Professional fees				
Consulting services provided by a company that shares a common director with SIR	7	-	219	-

- SIR purchased fixtures from a shareholder of SIR for $0.012 million and $0.047 million during Q3 2026 and YTD 2026, respectively (Q3 2025 and YTD 2025 - $0.005 million and $0.013 million, respectively).
- 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 equipment from this company for $0.001 million and $0.025 million during Q3 2026 and YTD 2026, respectively (Q3 2025 and YTD 2025 - $0.028 million and $0.075 million, respectively).
- SIR incurred professional fees of $0.007 million and $0.2 million during Q3 2026 and YTD 2026, respectively (Q3 2025 and YTD 2025 - nil) for consulting services provided by a company that shares a common director with SIR.

Transactions with the SIR Royalty Income Fund

Advances receivable from the Fund and its subsidiaries as at May 10, 2026 were $2.9 million (August 31, 2025 – $2.9 million). Advances receivable are non-interest bearing and due on demand.

During Q3 2026 and YTD 2026, distributions of $2.7 million and $7.6 million, respectively, were declared to the Fund by the Partnership, compared to distributions of $2.5 million and $7.1 million declared in Q3 2025 and YTD 2025, 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 10, 2026 were $3.1 million (August 31, 2025 – $3.9 million).

Interest expense on the SIR Loan totaled $0.7 million and $2.1 million for Q3 2026 and YTD 2026, respectively, and $0.7 million and $2.1 million for Q3 2025 and YTD 2025, respectively.

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 $0.017 million for Q3 2026 and YTD 2026, respectively ($0.005 million and $0.016 million for Q3 2025 and YTD 2025, 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 31, 2025. The reader will find this information in the annual MD&A for the fiscal year ended August 31, 2025.

Changes in Accounting Policies, Including Recently Issued Accounting Pronouncements

IFRS recently issued but not yet effective

IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments

On May 30, 2024, the IASB issued targeted amendments to IFRS 9, 'Financial Instruments', and IFRS 7, 'Financial Instruments: Disclosures'. The amendments respond to recent questions arising in practice and include new requirements not only for financial institutions but also for corporate entities. These new requirements will apply to reporting periods beginning on or after January 1, 2026. The Company is assessing the impact of the amendments on the condensed interim consolidated financial statements.

IFRS 18, Presentation and Disclosure in Financial Statements

On April 9, 2024, the IASB issued a new standard – IFRS 18, 'Presentation and Disclosure in Financial Statements' – in response to investors' concerns about the comparability and transparency of entities' performance reporting. The new requirements introduced in IFRS 18 will help to achieve comparability of the financial performance of similar entities, especially related to how 'operating profit or loss' is defined. The new disclosures required for some management-defined performance measures will also enhance transparency. The Company has commenced its evaluation of IFRS 18, which will be effective for annual reporting periods beginning on or after January 1, 2027, including for interim financial statements. At this stage, the Company has not yet assessed the impact of the standard on the condensed interim consolidated financial statements.

Financial Instruments

Management believes that there have been no substantial changes in the nature of critical accounting estimates since the year ended August 31, 2025. The reader will find this information in the annual MD&A for the year ended August 31, 2025.

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 legalization), tariffs, weather, seasonality, cybersecurity, public safety issues and the availability and quality of food, services and products sold in the restaurants, growth in off-premise traffic due to an increase in delivery and takeout orders, and the increasing consumer adoption of GLP-1 medications, affect the restaurant industry in general and therefore SIR. 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. If SIR is unable to successfully compete in the casual and fine dining sectors of the restaurant industry, Pooled Revenue may be adversely affected, the amount of the Royalty reduced and the ability of SIR to pay the Royalty or interest on the SIR Loan may be impaired. Please refer to the March 12, 2026 Annual Information Form for further discussion on risks and uncertainties related to the Fund and SIR.

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 brands. SIR remains committed to the corporately owned restaurant model as it believes this structure gives it greater control over its brands and greater agility to proactively respond to changes in market conditions.

SIR continues to monitor consumer spending behavior in light of current evolving macroeconomic factors, including inflation, interest rates and the impact of cross-border tariffs between Canada and the United States, and their potential impact on the Canadian economy and consumer confidence. Ongoing business impacts due to changes in the minimum wage and rising commodity costs have been influential in the bar and restaurant industry's changes in pricing overall.

SIR continues to innovate and provide immersive new product and service offerings to increase dine-in guest visits and to capitalize on the growth of take-out and delivery services in commercial foodservice.

The new Jack Astor's + Freida's location in Oshawa, Ontario (opened on December 3, 2025) is expected to be added to the Royalty Pooled Restaurants effective January 1, 2027.

The new Scaddabush location in Windsor, Ontario (opened on April 1, 2026) is expected to be added to the Royalty Pooled Restaurants effective January 1, 2027.

As at the date of this report, SIR has leased four properties – in Aurora, Kanata and London, Ontario and Dartmouth, Nova Scotia – upon which it plans to develop four new Scaddabush locations. SIR has also leased a property in Windsor, Ontario upon which it plans to develop a new Jack Astor's + Freida's location. There can be no assurance at this time that these planned new restaurants will be opened, or that any of these five new locations will become part of the Royalty Pooled Restaurants.

With its new Credit Agreement in place, SIR is pursuing additional sites to expand its Scaddabush and Jack Astor's + Freida's concepts. SIR will also continue its practice of investing in existing restaurants to drive improved sales and earnings. In consideration of the ongoing economic and market conditions mentioned above, any new restaurant openings and existing restaurant renovation plans will be reviewed regularly and adjusted as necessary.

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.

<u>Same Store Sales and Same Store Sales Growth</u>

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 2026 and Fiscal 2025 and the seasonal restaurant, 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 8 and to the definition of SSS in the Revenue section on page 10.

<u>Adjusted Net Earnings (Loss)</u>

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 income (loss) and comprehensive income (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 income (loss) and comprehensive income (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 income (loss) and comprehensive income (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 income (loss) and comprehensive income (loss) for the period to Adjusted Net Earnings (Loss) on page 6 of this document.

<u>EBITDA and Adjusted EBITDA</u>

References to EBITDA are to the net income (loss) and comprehensive income (loss) for the period before provision for (recovery of) income taxes, interest expense, interest on lease obligations, interest on loan payable to the 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 income (loss) and comprehensive income (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 income (loss) and comprehensive income (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 income (loss) and comprehensive income (loss) for the period to EBITDA and Adjusted EBITDA on page 7 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. These may include, without limitation, statements relating to anticipated investments in technology, digital platforms, and the potential use of artificial intelligence ("AI") or other data-driven tools to support operational decision-making, guest experience initiatives, labour management, marketing, or supply chain processes. 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: market conditions at the time of this filing; competition; changes in demographic trends; weather; changing consumer preferences and discretionary spending patterns; the increased adoption of GLP-1 medications; 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 conflicts in Ukraine and the Middle East; 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; the impact of cybersecurity breaches; 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 except as expressly required by law. 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 23, 2026.

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. For more information concerning the Fund's risks and uncertainties, please refer to 'Risk Factors' in the Fund's Annual Information Form dated March 12, 2026 for the period ended December 31, 2025, which is available under the Fund's profile at* www.sedarplus.ca.

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