SIR CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE 12-WEEK AND 36-WEEK PERIODS ENDED MAY 5, 2024

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Executive Summary

SIR Corp.'s ("SIR's") third quarter of Fiscal 2024 comprises the 12-week period from February 12, 2024 to May 5, 2024. The following is a summary of operational and financial results for SIR's 12-week and 36-week periods ended May 5, 2024 ("Q3 2024" and "YTD 2024", respectively):

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

- Food and beverage revenue from corporate restaurant operations for Q3 2024 totaled $62.0 million, a decline of 0.1%, or $0.1 million, compared to $62.1 million for the 12-week period ended May 7, 2023 ("Q3 2023"). Food and beverage revenue from corporate restaurant operations for YTD 2024 was $180.7 million, a decline of 0.9%, or $1.7 million, compared to $182.4 million for the 36-week period ended May 7, 2023 ("YTD 2023").
- Consolidated SSS(1) declined by 4.0% for Q3 2024 and YTD 2024, respectively.
- SIR's flagship Concept Restaurant brand, Jack Astor's® Bar and Grill ("Jack Astor's"), which generated approximately 69.7% of Pooled Revenue in Q3 2024, had SSS(1) declines of 5.3% and 5.9% for Q3 2024 and YTD 2024, respectively.
- Scaddabush Italian Kitchen & Bar® ("Scaddabush") had SSS(1) increases of 4.6% and 5.4% for Q3 2024 and YTD 2024, respectively.
- The Signature Restaurants had SSS(1) declines of 12.7% and 8.8% for Q3 2024 and YTD 2024, respectively.

Investment in new and existing restaurants, and closed restaurants

SIR's Management is committed to maximizing the performance of all of its restaurants and believes that investing in restaurant renovations is a key performance-enhancing initiative. During YTD 2024, SIR completed the following nine restaurant renovations to implement a refreshing, more contemporary and immersive guest-facing experience:

- The Jack Astor's in South London, Ontario, was closed for five days during Q1 2024 to complete a renovation,
- The Jack Astor's in Vaughan, Ontario, was closed for 10 days during Q1 2024 to complete a renovation,
- The Jack Astor's in Newmarket, Ontario, was closed for 13 days during Q1 2024 to complete a renovation,
- The Jack Astor's in Ottawa, Ontario, was closed for seven days during Q1 2024 to complete a renovation,
- The Jack Astor's in Dundas Square, Toronto, was closed for five days during Q1 2024 to complete a renovation,
- The Jack Astor's in Scarborough, Toronto, was closed for five days during Q1 2024 to complete a renovation,
- The Jack Astor's in Ancaster, Ontario, was closed for 13 days during Q2 2024 to complete a renovation,
- The Jack Astor's in Richmond Hill, Ontario, was closed for 13 days during Q3 2024 to complete a renovation, and
- The Jack Astor's in Halifax, Nova Scotia, was closed for 12 days during Q3 2024 to complete a renovation.

During Fiscal 2023, SIR completed the following eight restaurant renovations:

- The Jack Astor's in Whitby, Ontario, was closed for eight days during Q1 2023 to complete a renovation,
- The Jack Astor's in Barrie, Ontario, was closed for 11 days during Q1 2023 to complete a renovation,
- The Jack Astor's in Brampton, Ontario, was closed for nine days during Q2 2023 to complete a renovation,
- The Jack Astor's in Don Mills, Toronto, was closed for five days during Q2 2023 to complete a renovation,
- The Jack Astor's in Kanata, Ontario, was closed for four days during Q3 2023 to complete a renovation,
- The Jack Astor's in Etobicoke, Ontario, was closed for 14 days during Q3 2023 to complete a renovation,
- The Jack Astor's in Kingston, Ontario, was closed for seven days during Q3 2023 to complete a renovation, and
- Reds® Square One in Mississauga, Ontario, was closed for four days during Q4 2023 to complete a renovation.

As at the date of this report, SIR has commitments to lease three properties in Barrie, Guelph and Oshawa, Ontario upon which it plans to build one new Jack Astor's and two new Scaddabush restaurants. There can be no assurance at this time that these planned new restaurants will be opened or will become part of the Royalty Pooled Restaurants.

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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 19).

SIR's management continues to monitor consumer confidence and economic conditions such as interest rates and consumer spending patterns. Based on the assessment of these conditions and the timing of any new restaurant construction, the opening schedules will be reviewed regularly by SIR's management and adjusted as necessary.

During Q1 2024, on September 1, 2023, SIR opened a new Scaddabush restaurant in Whitby, Ontario. This restaurant was added to the Royalty Pooled Restaurants on January 1, 2024.

During Q2 2024, SIR permanently closed the Scaddabush located in the Mimico neighbourhood of Etobicoke, Ontario, effective November 28, 2023, and subsequent to Q3 2024, successfully negotiated the extinguishment of the related property lease agreement effective June 14, 2024. The restaurant ceased to be a Royalty Pooled Restaurant on January 1, 2024.

During Q2 2024, SIR permanently closed the Reds® Wine Tavern restaurant located in downtown Toronto, effective December 31, 2023. This restaurant ceased to be a Royalty Pooled Restaurant on January 1, 2024. SIR opened a new, Italian-themed, fine dining restaurant brand at this location called Edna + Vita™ on April 26, 2024.

During Q2 2024, SIR permanently closed the Reds® Kitchen + Wine Bar Fallsview in Niagara Falls, Ontario, effective December 31, 2023, and successfully negotiated the extinguishment of the related property lease agreement effective March 31, 2024. The restaurant ceased to be a Royalty Pooled Restaurant on January 1, 2024.

During Q3 2024, on February 27, 2024, SIR opened a new Scaddabush restaurant in the Don Mills neighbourhood of Toronto. This new Scaddabush restaurant is anticipated to be added to the Royalty Pooled Restaurants on January 1, 2025.

During Q3 2024, on April 17, 2024, SIR opened a new Scaddabush restaurant in South London, Ontario. This new Scaddabush restaurant is anticipated to be added to the Royalty Pooled Restaurants on January 1, 2025.

Subsequent to Q3 2024, on May 22, 2024, SIR opened a new Duke's Refresher® + Bar ("Duke's Refresher") at the intersection of Queen Street East and Broadview Avenue in Toronto. The new Duke's Refresher is currently not anticipated to become a Royalty Pooled Restaurant.

Subsequent to Q3 2024, effective June 18, 2024, SIR elected not to operate the seasonal restaurant, Abbey's Bakehouse®, during Fiscal 2024, due to ongoing construction and business disturbances in the surrounding Muskoka, Ontario area. Abbey's Bakehouse will continue to operate a retail outlet out of Reds Square One located in Mississauga, Ontario.

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 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 reduced the number of Jack Astor's locations supporting the trial to eight locations. On August 29, 2022 and on December 15, 2022, respectively, the Trustees of the SIR Royalty Income Fund (the "Fund") approved further extensions of the trial, under the existing terms, until December 31, 2022 and December 31, 2023, respectively. The Trustees subsequently agreed to further extend the trial until August 25, 2024 to coincide with SIR's fiscal year end. In exchange, SIR will continue to pay 6% of the revenues arising therefrom to the Partnership. 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.

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

- Net income (loss) and comprehensive income (loss) was $33.0 million for Q3 2024, compared to ($2.0) million for Q3 2023. Net income (loss) and comprehensive income (loss) was $25.1 million for YTD 2024, compared to ($41.5) million for YTD 2023.
- Adjusted Net Earnings(1) were $0.7 million in Q3 2024, compared to $4.7 million in Q3 2023. Adjusted Net Earnings(1) were $1.6 million in YTD 2024, compared to $7.7 million in YTD 2023.
- EBITDA(1) and Adjusted EBITDA(1) in Q3 2024 totaled $8.0 million and $6.0 million, respectively, compared to $11.4 million and $8.2 million, respectively, in Q3 2023.
- EBITDA(1) and Adjusted EBITDA(1) in YTD 2024 totaled $22.9 million and $15.1 million, respectively, compared to $27.8 million and $17.6 million, respectively, in YTD 2023.

Amendments to SIR's Credit Agreement

For more details regarding the Credit Agreement and all related amendments up until the latest amendment on June

17, 2024, please refer to the Fund and SIR's prior interim and annual filings, which can be found on SEDAR+ at www.sedarplus.ca under the Fund's profile.

Subsequent to Q3 2024, on June 14, 2024, SIR and its Lender entered into the Eleventh Amending Agreement ("Eleventh Amendment") to its Credit Agreement. The Eleventh Amendment provides for the following:

- intent and acknowledgement of extension of the maturity date from July 6, 2024 by a 12-month increment to July 6, 2025, for the $6.25 million guaranteed facility with Export Development Canada ("EDC") through the guaranteed Business Credit Availability Program ("BCAP") (the "EDC-Guaranteed Facility"),
- transition the publication of the effective interest rates applicable under the Credit Agreement, specifically for Credit Facilities 1 and 2, from the Canadian Dollar Offered Rate ("CDOR") to the Canadian Overnight Repo Rate Average ("CORRA"), and
- the cessation of bankers' acceptances which are to be replaced by CORRA Advances to borrow on Credit Facilities 1 and 2.

Subsequent to Q3 2024, on June 14, 2024, as part of the Eleventh Amendment, the Fund and the Partnership entered into an acknowledgement agreement with the Lender acknowledging, among other things:

- receipt of a copy of the Eleventh Amending Agreement, and
- that none of either: 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.

Overview

SIR is a private company amalgamated under the Business Corporations Act of Ontario. As at May 5, 2024, SIR owned 53 Concept and Signature Restaurants in Canada (in Ontario, Quebec, Nova Scotia, and Newfoundland). The Concept Restaurants include Jack Astor's and Scaddabush. The Signature Restaurants include The Loose Moose® Tap and Grill, two Duke's Refresher locations, Edna + Vita and Reds Square One (which operates an Abbey's Bakehouse retail outlet). SIR owns 100% of all of its Canadian restaurants. As at May 5, 2024, 49 SIR Restaurants were included in Royalty Pooled Restaurants, including 37 Jack Astor's locations, 10 Scaddabush locations, Reds Square One and the Loose Moose.

On September 26, 2019, SIR opened a Duke's Refresher in the St. Lawrence Market neighborhood of downtown Toronto. On May 22, 2024, SIR opened its second Duke's Refresher location at the intersection of Queen Street East and Broadview Avenue in 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. 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, Duke's Refresher is not currently in consideration for the Royalty Pool. The Duke's Refresher brand is currently being managed and developed by SIR's Signature group. Accordingly, Duke's Refresher is classified as part of the Signature restaurants 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 both 2024 and 2023 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 5, 2024 and May 7, 2023, 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 5, 2024	12-Week Period Ended May 7, 2023	36-Week Period Ended May 5, 2024	36-Week Period Ended May 7, 2023
	(in thousands of dollars) (unaudited)			
Corporate restaurant operations:				
Revenue	62,179	62,190	181,109	182,655
Cost of corporate restaurant operations	55,794	51,302	161,320	156,428
Earnings from corporate restaurant operations	**6,385**	**10,888**	**19,789**	**26,227**
Net income (loss) and comprehensive income (loss)	**32,971**	**(2,022)**	**25,099**	**(41,547)**
Adjusted Net Earnings(1)	**657**	**4,669**	**1,593**	**7,692**

Statement of Financial Position	May 5, 2024	August 27, 2023
	(in thousands of dollars) (unaudited)	
Total assets	130,345	125,964
Total non-current liabilities	223,191	252,736

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 5, 2024 and May 7, 2023, respectively, to Adjusted Net Earnings(1):

	12-Week Period Ended May 5, 2024	12-Week Period Ended May 7, 2023	36-Week Period Ended May 5, 2024	36-Week Period Ended May 7, 2023
	(in thousands of dollars) (unaudited)			
Net income (loss) and comprehensive income (loss) for the period	32,971	(2,022)	25,099	(41,547)
Change in amortized cost of Ordinary LP Units and Class A LP Units of the Partnership	(32,314)	6,691	(23,506)	49,239
Adjusted Net Earnings(1)	**657**	**4,669**	**1,593**	**7,692**

The following table reconciles net income (loss) and comprehensive income (loss) for the 12-week and 36-week periods ended May 5, 2024 and May 7, 2023 to EBITDA[1] and Adjusted EBITDA[1]:

	12-Week Period Ended May 5, 2024	12-Week Period Ended May 7, 2023	36-Week Period Ended May 5, 2024	36-Week Period Ended May 7, 2023
	(in thousands of dollars) (unaudited)			
Net income (loss) and comprehensive income (loss) for the period	32,971	(2,022)	25,099	(41,547)
Add (deduct):				
Interest expense	762	599	1,719	1,614
Interest on lease obligations	1,009	1,027	3,055	3,150
Interest on loan payable to SIR Royalty Income Fund	715	726	2,130	2,132
Depreciation and amortization	4,895	4,343	14,408	13,259
Change in amortized cost of Ordinary LP Units and Class A LP Units of the Partnership	(32,314)	6,691	(23,506)	49,239
EBITDA[1]	**8,038**	**11,364**	**22,905**	**27,847**
Interest and other income – net	116	(176)	122	(99)
(Recovery) impairment of financial assets	(18)	76	30	13
Loss on disposal of property and equipment	693	492	1,088	566
Cash rent	(3,806)	(3,571)	(11,261)	(10,834)
Preopening costs	971	46	2,236	119
Adjusted EBITDA[1]	**5,994**	**8,231**	**15,120**	**17,612**
Income from Class A & B GP Units of the Partnership[2] (Not included in EBITDA[1] and Adjusted EBITDA[1] above)	363	450	1,121	1,321
6% Royalty obligations under License and Royalty Agreement[3]	3,587	3,669	10,455	10,663

(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 plus any Make-Whole Payments.

Results of Operations

Reconciliation of Revenue from Consolidated Financial Statements to Pooled Revenue	12-Week Period Ended May 5, 2024	12-Week Period Ended May 7, 2023	36-Week Period Ended May 5, 2024	36-Week Period Ended May 7, 2023
	(in thousands of dollars) (unaudited)			
Food and beverage revenue reported in consolidated financial statements	62,026	62,101	180,677	182,371
Less: Revenue from corporate restaurant operations excluded from the Royalty pool	(2,233)	(950)	(6,422)	(4,640)
Revenue for Restaurants in Royalty pool (Pooled Revenue)	**59,793**	**61,150**	**174,255**	**177,731**

Reconciliation of Revenue from Consolidated Financial Statements to Same Store Sales[1]	12-Week Period Ended May 5, 2024	12-Week Period Ended May 7, 2023	36-Week Period Ended May 5, 2024	36-Week Period Ended May 7, 2023
	(in thousands of dollars) (unaudited)			
Food and beverage revenue reported in consolidated financial statements	62,026	62,101	180,677	182,371
Less: Revenue from corporate restaurant operations excluded from Same Store Sales[1]	(3,779)	(1,427)	(9,568)	(4,144)
Same Store Sales[1]	**58,247**	**60,674**	**171,109**	**178,227**

Same Store Sales[1] by Brand	12-Week Period Ended May 5, 2024	12-Week Period Ended May 7, 2023	% Fav./ (Unfav.)	36-Week Period Ended May 5, 2024	36-Week Period Ended May 7, 2023	% Fav./ (Unfav.)
	(in thousands of dollars) (unaudited)					
Jack Astor's	41,658	43,968	(5.3%)	121,449	129,098	(5.9%)
Scaddabush	12,120	11,584	4.6%	35,987	34,129	5.4%
Signature Restaurants	4,469	5,122	(12.7%)	13,673	15,000	(8.8%)
Same Store Sales[1]	**58,247**	**60,674**	**(4.0%)**	**171,109**	**178,227**	**(4.0%)**

Disaggregated food and beverage revenue by Concept	12-Week Period Ended May 5, 2024	12-Week Period Ended May 7, 2023	36-Week Period Ended May 5, 2024	36-Week Period Ended May 7, 2023
	(in thousands of dollars) (unaudited)			
Jack Astor's	41,658	43,969	121,449	129,099
Scaddabush	15,824	12,526	44,692	36,856
Signature Restaurants	4,524	5,606	14,516	16,416
Other	20	-	20	-
	62,026	**62,101**	**180,677**	**182,371**

Summary of Quarterly Results

Statements of Operations	3rd Quarter Ended May 5, 2024 (12 weeks)	2nd Quarter Ended February 11, 2024 (12 weeks)	1st Quarter Ended November 19, 2023 (12 weeks)	4th Quarter Ended August 27, 2023 (16 weeks)	3rd Quarter Ended May 7, 2023 (12 weeks)	2nd Quarter Ended February 12, 2023 (12 weeks)	1st Quarter Ended November 20, 2022 (12 weeks)	4th Quarter Ended August 28, 2022 (16 weeks)
				(in thousands of dollars) (unaudited)				
Corporate Restaurant Operations								
Revenue	62,179	59,485	59,445	89,456	62,190	60,150	60,315	88,055
Cost of corporate restaurant operations	55,794	52,694	52,832	74,763	51,302	52,753	52,373	74,036
Earnings from corporate restaurant operations	**6,385**	**6,791**	**6,613**	**14,693**	**10,888**	**7,397**	**7,942**	**14,019**
Net income (loss) and comprehensive income (loss)	**32,971**	**(2,265)**	**(5,607)**	**21,356**	**(2,022)**	**(21,166)**	**(18,359)**	**1,089**
Adjusted Net Earnings(1)	**657**	**603**	**333**	**8,251**	**4,669**	**674**	**2,349**	**6,315**

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

	3rd Quarter Ended May 5, 2024 (12 weeks)	2nd Quarter Ended February 11, 2024 (12 weeks)	1st Quarter Ended November 19, 2023 (12 weeks)	4th Quarter Ended August 27, 2023 (16 weeks)	3rd Quarter Ended May 7, 2023 (12 weeks)	2nd Quarter Ended February 12, 2023 (12 weeks)	1st Quarter Ended November 20, 2022 (12 weeks)	4th Quarter Ended August 28, 2022 (16 weeks)
				(in thousands of dollars) (unaudited)				
Net income (loss) and comprehensive income (loss)	32,971	(2,265)	(5,607)	21,356	(2,022)	(21,166)	(18,359)	1,089
Change in amortized cost of the Ordinary LP Units and Class A LP Units of the Partnership	(32,314)	2,868	5,940	(13,105)	6,691	21,840	20,708	5,226
Adjusted Net Earnings(1)	**657**	**603**	**333**	**8,251**	**4,669**	**674**	**2,349**	**6,315**

Selected Consolidated Statement of Cash Flows Information:

	3rd Quarter Ended May 5, 2024 (12 weeks)	2nd Quarter Ended February 11, 2024 (12 weeks)	1st Quarter Ended November 19, 2023 (12 weeks)	4th Quarter Ended August 27, 2023 (16 weeks)	3rd Quarter Ended May 7, 2023 (12 weeks)	2nd Quarter Ended February 12, 2023 (12 weeks)	1st Quarter Ended November 20, 2022 (12 weeks)	4th Quarter Ended August 28, 2022 (16 weeks)
				(in thousands of dollars) (unaudited)				
Cash provided by operations	6,464	1,818	4,484	16,584	12,353	3,017	3,987	18,099
Cash used in investing activities	(5,986)	(4,339)	(5,627)	(4,471)	(1,491)	(2,769)	(1,352)	(2,755)
Cash (used in) provided by financing activities	(849)	854	(3,543)	(6,322)	(11,193)	(1,894)	(6,350)	(10,316)
(Decrease) increase in cash and cash equivalents during the period	(371)	(1,667)	(4,686)	5,791	(331)	(1,646)	(3,715)	5,028
Cash and cash equivalents – Beginning of period	1,878	3,545	8,231	2,440	2,771	4,417	8,132	3,104
Cash and cash equivalents – End of period	1,507	1,878	3,545	8,231	2,440	2,771	4,417	8,132

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 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, sale of packaged food and beverage products to third-party retailers and gift card related revenues for the period, as well as the seasonal restaurant, Abbey's Bakehouse, in Muskoka, Ontario. For the 12-week and 36-week periods ended May 5, 2024, revenue was $62.0 million and $180.7 million, respectively.

ii. Same Store Sales(1) ("SSS") – this is a subset of revenue used for tracking comparable year-over-year sales. For Q3 2024 and YTD 2024, SSS(1) includes all SIR restaurants, except for those restaurants that were not open for the entire comparable periods in Fiscal 2024 and Fiscal 2023, and the seasonal restaurant, Abbey's Bakehouse, in Muskoka, Ontario, as it is not a SIR restaurant. Accordingly, SSS(1) performance for Q3 2024 and YTD 2024 does not include the Scaddabush restaurants in Etobicoke, Whitby and London, Ontario and the Scaddabush located in the Don Mills neighbourhood of Toronto, since these have not been open for both comparable periods in Fiscal 2024 and Fiscal 2023. The new Signature restaurant, Edna + Vita, located in downtown Toronto, is also not included. For the 12-week and 36-week periods ended May 5, 2024, SSS(1) totaled $58.2 million and $171.1 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/or New Closed Restaurants. As at May 5, 2024, there were 49 Royalty Pooled Restaurants. For Q3 2024 and YTD 2024, Pooled Revenue was $59.8 million and $174.2 million, respectively. The applicable Royalty payable to the Partnership on the Pooled Revenue for these periods was $3.6 million and $10.4 million, respectively.

Same Store Sales(1)

SSS(1) are typically impacted by changes in guest traffic and average cheque amount. SIR had overall SSS(1) declines of 4.0% for Q3 2024 and YTD 2024, respectively. The declines in Q3 2024 and YTD 2024 were primarily a result of declines in delivery sales and dine-in guest traffic, partially offset by price increases. Management believes that the declines in delivery sales and dine-in guest traffic is partially due to current macroeconomic factors, such as inflation and elevated interest rates, and their impact on discretionary consumer spending. In response to these macroeconomic factors, SIR continues to innovate and provide immersive new product and service offerings to increase dine-in guest visits and to capitalize on the rapid growth of take-out and delivery services in commercial foodservice.

Jack Astor's, SIR's flagship Concept Restaurant brand, which contributed approximately 69.7% of Q3 2024 Pooled Revenue, had SSS(1) declines of 5.3% and 5.9% for Q3 2024 and YTD 2024, respectively. All 37 Jack Astor's locations are included in the calculation of SSS(1) performance for Q3 2024 and YTD 2024. The decline in Jack Astor's SSS(1) for Q3 2024 and YTD 2024 was attributable to declines in delivery sales and dine-in guest traffic, partially offset by price increases. The temporary closures of nine Jack Astor's locations for a combined total of 83 days during YTD 2024 to complete renovations, compared to the temporary closures of seven restaurants for a combined total of 58 days during YTD 2023 to complete renovations, had a negative impact on SSS(1) for YTD 2024 (refer to the "Investment in new and existing restaurants, and closed restaurants" section for a description of all locations renovated).

Scaddabush SSS(1) performance for Q3 2024 and YTD 2024 includes nine Scaddabush locations (Mississauga, Richmond Hill, Scarborough, Burlington, Oakville and Vaughan, Ontario and two locations in Etobicoke, Ontario, as well as the Front Street location in downtown Toronto). Scaddabush had SSS(1) increases of 4.6% and 5.4% for Q3 2024 and YTD 2024, respectively, reflecting the continued popularity of this brand and increased pricing.

The Signature Restaurants SSS(1) performance for Q3 2024 and YTD 2024 includes two restaurants (Reds Square One and the Loose Moose Tap + Grill). The Signature Restaurants had SSS(1) declines of 12.7% and 8.8% for Q3 2024 and YTD 2024, respectively. Management believes the decline was primarily attributable to lower guest counts due to macroeconomic factors, as discussed above, partially offset by increased pricing.

Cost of Corporate Restaurant Operations

Cost of corporate restaurant operations totaled $55.8 million, or 89.7% of revenue, in Q3 2024 and $161.3 million, or 89.1% of revenue, for YTD 2024, compared to $51.3 million, or 82.5% of revenue, in Q3 2023 and $156.4 million, or 85.6% of revenue, for YTD 2023. The increases in Q3 2024 and YTD 2024 reflect SIR's response to ongoing macroeconomic impacts on discretionary spending and inflationary impacts on utility, food and beverage supplies, labour and asset repair and maintenance costs. In addition, SIR opened four new restaurants in YTD 2024 compared to none in YTD 2023, which resulted in significant pre-opening expenses and closure costs for three restaurants in YTD 2024 compared to YTD 2023. SIR also invested in additional professional fee billings, labour and travel costs to enhance restaurant operational management and deliver new and diverse menu offerings. SIR continued to invest in its renovation program with additional media and other promotional activities, in conjunction with strategic and thorough repair and maintenance costs, to improve stewardship of restaurant assets (refer to the "Investment in new and existing restaurants, and closed restaurants" section for more details).

Corporate Costs

Corporate costs were $3.1 million and $11.1 million for Q3 2024 and YTD 2024, respectively, compared to $4.0 million and $11.7 million for Q3 2023 and YTD 2023, respectively. The decrease in corporate costs in Q3 2024 reflect a $0.9 million decrease in bonus expenses. For YTD 2024, the $0.9 million decrease in bonus expenses was partially offset by a $0.1 million increase in travel expenses and a $0.2 million increase in general and administrative expenses.

Interest Expense

Interest expense for Q3 2024 and YTD 2024 was $0.8 million and $1.7 million, respectively, compared to $0.6 million and $1.6 million for Q3 2023 and YTD 2023, 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 income (loss). The change in the amortized cost is a non-cash transaction and accordingly, has no impact on cash flows. For Q3 2024 and YTD 2024, the change in amortized cost resulted in income of $32.3 million and $23.5 million, respectively, reflecting a decrease in the underlying Fund unit price compared to the end of Q2 2024 and Fiscal 2023, respectively, and changes to the estimated cash flows derived from the Fund as at Q3 2024. For Q3 2023 and YTD 2023, the change in amortized cost resulted in expenses of $6.7 million and $49.2 million, respectively, reflecting an increase in the underlying Fund unit price compared to the end of Q2 2023 and Fiscal 2022, respectively.

Interest on the SIR Loan totaled $0.7 million and $2.1 million for Q3 2024 and YTD 2024, respectively, compared to $0.7 million and $2.1 million for Q3 2023 and YTD 2023, respectively.

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

Net income (loss) and comprehensive income (loss) was $33.0 million for Q3 2024, compared to ($2.0) million for Q3 2023. Net income (loss) and comprehensive income (loss) was $25.1 million for YTD 2024, compared to ($41.5) million for YTD 2023. The positive variances reflect changes in the amortized cost of the Ordinary LP Units and Class A Units of the SIR Royalty Limited Partnership that SIR holds. This resulted in income of $32.3 million in Q3 2024 and $23.5 million in YTD 2024, compared to expenses of $6.7 million in Q3 2023 and $49.2 million in YTD 2023. These non-cash changes in Q3 2024 and YTD 2024 are due to changes in the underlying unit price of the Fund compared to the end of Q2 2024 and Fiscal 2023, respectively, and changes to the estimated cash flows derived from the Fund as at Q3 2024.

Adjusted Net Earnings(1) were $0.7 million in Q3 2024 compared to $4.7 million in Q3 2023. Adjusted Net Earnings(1) for YTD 2024 were $1.6 million compared to $7.7 million in YTD 2023. The declines are primarily attributable to a $4.5 million increase in cost of restaurant operations in Q3 2024 compared to Q3 2023, and a $5.0 million increase in cost of corporate restaurant operations, combined with a $1.7 million reduction in revenues, in YTD 2024 compared to YTD 2023.

EBITDA(1) and Adjusted EBITDA(1)

EBITDA(1) totaled $8.0 million and $22.9 million for Q3 2024 and YTD 2024, respectively, compared to $11.4 million and $27.8 million for Q3 2023 and YTD 2023, respectively. The decreases in Q3 2024 and YTD 2024 were primarily attributable to the year-over-year increase in cost of corporate restaurant operations, as discussed above.

Adjusted EBITDA(1) totaled $6.0 million and $15.1 million for Q3 2024 and YTD 2024, respectively, compared to $8.2 million and $17.6 million for Q3 2023 and YTD 2023, 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 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 income (loss) in the amount of $0.7 million and $2.1 million for Q3 2024 and YTD 2024, respectively and $0.7 million and $2.1 million for Q3 2023 and YTD 2023, 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.

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

	12-Week Period Ended May 5, 2024	12-Week Period Ended May 7, 2023	36-Week Period Ended May 5, 2024	36-Week Period Ended May 7, 2023
	(in thousands of dollars) (unaudited)			
Balance – Beginning of the period	141,609	117,299	141,609	117,299
Change in amortized cost of the Ordinary LP Units and Class A LP Units of the Partnership	(32,314)	6,691	(23,506)	49,239
Distributions paid to Ordinary LP and Class A LP unitholders	(2,498)	(2,499)	(8,381)	(9,326)
Balance – End of period	106,797	121,491	109,722	157,212
Less: Current portion of Ordinary LP Units and Class A LP Units of the Partnership	(9,991)	(9,991)	(9,991)	(9,991)
Ordinary LP Units and Class A LP Units of the Partnership	96,806	111,500	99,731	147,221

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

	12-Week Period Ended May 5, 2024	12-Week Period Ended May 7, 2023	36-Week Period Ended May 5, 2024	36-Week Period Ended May 7, 2023
	(in thousands of dollars) (unaudited)			
Pooled Revenue[4]	59,789	61,164	174,252	177,731
Partnership royalty income[5]	3,587	3,669	10,455	10,663
Other Income	6	6	17	19
Partnership expenses	(14)	(19)	(99)	(93)
Net earnings of the Partnership	3,579	3,656	10,373	10,589
SIR's residual interest in the earnings of the Partnership:				
Income from Class A & B GP Units of the Partnership	(363)	(450)	(1,121)	(1,321)
Income from Class C GP Units of the Partnership	(695)	(712)	(2,072)	(2,091)
	(1,058)	(1,162)	(3,193)	(3,412)
Fund's interest in the earnings of the Partnership	2,521	2,494	7,180	7,177

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 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, 2024, one new SIR Restaurant was added (January 1, 2023 – two) 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, 2024 (January 1, 2023 – two) as well as the Second Incremental Adjustment for two

(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.*

new SIR Restaurants added to Royalty Pooled Restaurants on January 1, 2023 (January 1, 2022 – 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 three (January 1, 2023 – two) SIR Restaurants during 2023. The net effect of these adjustments to Royalty Pooled Restaurants was that SIR returned 212,825 Class A GP Units into 212,825 Class B GP Units (January 1, 2023 – SIR converted 90,958 Class A GP Units into Class B GP Units) on January 1, 2024, decreasing the value of the SIR Rights by $1.6 million (January 1, 2023 – increasing the value of the SIR rights by $1.5 million).

In addition, the revenues of the two (January 1, 2022 – nil) new SIR Restaurants added to Royalty Pooled Restaurants on January 1, 2023 were less than 80% of the Initial Adjustment's estimated revenue and, as a result, the distributions of the Class A GP Units were reduced by a special conversion refund of $0.05 million in December 2023 and paid in February 2024 (no conversion distributions effective in December 2022 as no new SIR Restaurants were added to Royalty Pooled Restaurants on January 1, 2022).

SIR's residual interest in the Partnership is 10.55% as at May 5, 2024 (August 27, 2023 – 12.54%).

(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 5, 2024	12-Week Period Ended May 7, 2023	36-Week Period Ended May 5, 2024	36-Week Period Ended May 7, 2023
	(in thousands of dollars) (unaudited)			
Cash provided by operations	6,464	12,353	12,766	19,297
Cash used in investing activities	(5,986)	(1,491)	(15,952)	(5,612)
Cash used in financing activities	(849)	(11,193)	(3,538)	(19,377)
Decrease in cash and cash equivalents during the period	(371)	(331)	(6,724)	(5,692)
Cash and cash equivalents – Beginning of period	1,878	2,771	8,231	8,132
Cash and cash equivalents – End of period	1,507	2,440	1,507	2,440

Cash provided by operations decreased by $5.9 million and $6.5 million in Q3 2024 and YTD 2024, respectively. For Q3 2024, the decrease was attributable to a $34.9 million favourable change in net income for the period, a $0.6 million increase in amortization, an increase in interest expense on long-term debt of $0.2 million, an increase in losses on property and equipment disposals of $0.2 million, partially offset by a $39.0 million unfavourable change in the amortized cost of Ordinary LP and Class A LP units and a $2.6 million unfavourbale change in working capital. For YTD 2024, the decrease was attributable to a $66.6 million favourable change in net income for the period, a $1.2 million increase in amortization, an increase in interest expense on long-term debt of $0.1 million, an increase in losses on property and equipment disposals of $0.6 million, and a $1.0 million decrease in distributions paid, partially offset by a $72.7 million unfavourable change in amortized cost of the Ordinary LP and Class A LP units and a $3.3 million unfavourbale change in working capital.

Cash used in investing activities increased by $4.5 million and $10.3 million in Q3 2024 and YTD 2024, respectively. For Q3 2024, the increase reflects $4.4 million of property and equipment purchases in support of new restaurant development and existing restaurant renovations, and $0.1 million in shareholder repayments. For YTD 2024, the increase reflects $10.2 million of property and equipment purchases in support of new restaurant development and existing restaurant renovations, and $0.1 million in shareholder repayments.

Cash used in financing activities decreased by $10.3 million and $15.8 million for Q3 2024 and YTD 2024, respectively. For Q3 2024, SIR increased bank indebtedness by $7.8 million, drew $3.0 million of additional long-term debt and repurchased capital stock of $0.2 million; these were partially offset by a $0.7 million increase in lease obligation payments. For YTD 2024, SIR increased bank indebtedness by $8.0 million and drew $8.5 million of additional long-term debt; these were partially offset by a $0.7 million increase in lease obligation payments.

As at May 5, 2024, SIR had current assets of $16.4 million (August 27, 2023 – $22.2 million) and current liabilities of $75.3 million (August 27, 2023 – $66.3 million) resulting in a working capital deficit of $58.9 million (August 27, 2023 –

$44.1 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.

SIR has a 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 matures on July 6, 2026 ("Maturity Date") and, as at the date of this report, provides for a maximum principal amount of $41.7 million, consisting of:

- a $20.0 million revolving term credit facility (Credit Facility 1),
- a $10.7 million revolving term credit facility (Credit Facility 2),
- a $6.25 million EDC-Guaranteed Facility, and
- a $4.74 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, including capital spending on new and renovated restaurants, and bears interest at the prime rate plus 2.75% and/or the CORRA Advance rate plus 3.75%, principal repaid in one bullet repayment on the Maturity Date. A standby fee of 0.85% is charged on the undrawn balance of Credit Facility 1. Provided the Company is in compliance with the Credit Agreement, the principal amount of Credit Facility 1 can be repaid and re-borrowed at any time during the term of the Credit Agreement. As at May 5, 2024, $16.6 million was drawn on Credit Facility 1.

Credit Facility 2 is a $10.7 million revolving facility that can be drawn for capital expenditures on new restaurants and renovations or remodeling of existing restaurants, and bears interest at the prime rate plus 2.75% and/or the CORRA Advance rate plus 3.75%. 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 the Maturity Date. During Q3 2024, SIR repaid $1.04 million on this facility. As at May 5, 2024, $7.6 million was drawn on Credit Facility 2.

As at May 5, 2024, the Company has drawn $22.7 million on Credit Facility 1 and Credit Facility 2, net of cash excluding the cash balance of the Partnership (August 27, 2023 - $4.68 million).

The EDC-Guaranteed Facility bears interest at the prime rate plus 3.0%. The EDC-Guaranteed Facility is a 364-day revolving term credit facility and can be extended at the Lender's sole discretion, in 12-month increments, by up to a further 12 months beyond the current expiration date of July 6, 2024. A standby fee of 0.9% is charged on the undrawn balance of this facility. As at May 5, 2024, the Company had fully drawn this facility.

The BDC-Guaranteed Facility is a 10-year term non-revolving credit facility, with a one-year principal payment moratorium, bearing a fixed rate interest of 4.0%. The moratorium has elapsed and SIR has commenced repayment on this facility. During Q3 2024, SIR repaid $0.2 million on this facility. As at May 5, 2024, SIR had drawn $4.74 million on this facility.

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

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.

As at May 5, 2024, SIR's liquidity was comprised of $1.4 million of cash on hand (net of the cash balance of the Partnership) and $6.5 million available to borrow under its credit agreement (August 27, 2023 - $6.0 million and $20.0 million).

One new SIR restaurant was added to the Royalty Pooled Restaurants effective January 1, 2024 (January 1, 2023 – two). Refer to page 12 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, 2024, SIR held 987,835 Class A GP Units, representing a 10.55% 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 5, 2024, had a market value of approximately $13.0 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.

As at the date of this report, SIR has commitments to lease three properties in Barrie, Guelph and Oshawa, Ontario, upon which it plans to build one new Jack Astor's and two new Scaddabush restaurants. There can be no assurance at this time that these planned new restaurants will be opened or 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 5, 2024, nor did it have any subsequent to Q3 2024.

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 5, 2024	12-Week Period Ended May 7, 2023	36-Week Period Ended May 5, 2024	36-Week Period Ended May 7, 2023
	(in thousands of dollars) (unaudited)			
Property and equipment				
Fixtures purchased from a shareholder of SIR	17	32	66	68
Equipment purchased from a company owned by a director and shareholder of SIR, together with a member of executive management of SIR	168	198	353	275

- 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 $0.02 million and $0.07 million during Q3 2024 and YTD 2024, respectively (Q3 2023 and YTD 2023 - $0.03 million and $0.07 million).

Transactions with the SIR Royalty Income Fund

Advances receivable from the Fund and its subsidiaries as at May 5, 2024 were $3.4 million (August 27, 2023 – $3.0 million). Advances receivable are non-interest bearing and due on demand.

During Q3 2024 and YTD 2024, distributions of $2.5 million and $7.2 million, respectively, were declared to the Fund by the Partnership, compared to distributions of $2.6 million and $7.1 million declared for Q3 2023 and YTD 2023, 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 5, 2024 were $3.2 million.

Interest expense on the SIR Loan totaled $0.7 million and $2.1 million for Q3 2024 and YTD 2024, respectively, and $0.7 million and $2.1 million for Q3 2023 and YTD 2023, 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 $0.005 million and $0.016 million for Q3 2024 and YTD 2024, respectively ($0.006 million and $0.019 million for Q3 2023 and YTD 2023, 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 27, 2023. Please refer to SIR's annual MD&A for the year ended August 27, 2023.

Changes in Accounting Policies, Including Recently Issued Accounting Pronouncements

Recently adopted IFRS

Amendments to IAS 1, Presentation of Financial Statements

In February 2021, the International Accounting Standards Board issued amendments to International Accounting Standard 1 Presentation of Financial Statements ("IAS 1") and IFRS Practice Statement 2 Making Materiality Judgments ("IFRS Practice Statement 2"). The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amended standard has been implemented by the Company and did not have a material impact on the condensed interim consolidated financial statements.

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

The narrow-scope amendment aims to improve accounting policy disclosures and to help distinguish between changes in accounting estimates and changes in accounting policies. The amendment is effective for annual periods beginning on or after January 1, 2023. The amended standard has been implemented by the Company and did not have a material impact on the condensed interim consolidated financial statements.

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

In January 2023, the IASB issued amendments to IAS 12 that aim to provide temporary relief from accounting for deferred taxes arising from the implementation of the Pillar Two model rules. The amendment is effective for annual period beginning on or after January 1, 2023. The amended standard has been implemented by the Company and did not have a material impact on the condensed interim consolidated financial statements.

Recently issued but not yet effective

IAS 1, Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued an amendment to IAS 1 to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. In October 2022, the IASB issued an amendment to IAS 1, Non-current Liabilities with Covenants, to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The 2022 amendments also introduce additional disclosure requirements to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period. The 2022 amendments changed the effective date of the 2020 amendments. The mandatory effective date would be annual periods beginning on or after January 1, 2024, with early adoption permitted. The Company has not yet assessed the impact of the amendment on the condensed interim consolidated financial statements.

IFRS 16, Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The mandatory effective date would be annual periods beginning on or after January 1, 2024, with early adoption permitted. The Company has not yet assessed the impact of the amendment on the condensed interim consolidated financial statements.

IAS 7, Disclosures on Supplier Finance Arrangements

In May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to require specific disclosures regarding supplier finance arrangements. The mandatory effective date would be annual periods beginning on or after January 1, 2024. The Company has not yet assessed the impact of the amendment 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 27, 2023. The reader will find this information in the annual MD&A for the year ended August 27, 2023.

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. For additional information, see the Fund's Annual Information Form (dated March 14, 2024) 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 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 continues to monitor consumer spending behavior in light of current evolving macroeconomic factors, including inflation and interest rates, and their potential impact on the Canadian economy and consumer confidence. Ongoing business impacts due to changes in the minimum wage and higher 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 to its restaurants and to capitalize on the rapid growth of take-out and delivery services in commercial foodservice. The amendments to SIR's Credit Agreement with its Lender provide greater certainty and availability of funding to support SIR's ongoing investment in restaurant renovations, new restaurants and other initiatives to drive growth (refer to the "Liquidity and Capital Resources" section for more details about SIR's Credit Agreement).

In consideration of the ongoing conditions mentioned above and the timing of new restaurant construction and renovations, the related opening schedules will be reviewed regularly by SIR and adjusted as necessary.

During YTD 2024, SIR opened three new Scaddabush restaurants, including one in Whitby, Ontario (during Q1 2024), one in the Don Mills neighborhood of Toronto (during Q3 2024) and one in London, Ontario (during Q3 2024). SIR also opened a new Italian-themed, fine-dining restaurant brand called Edna + Vita in downtown Toronto during Q3 2024.

SIR permanently closed the Reds Kitchen + Wine Bar Fallsview in Niagara Falls, Ontario, effective December 31, 2023 and successfully negotiated the extinguishment of the related property lease agreement effective March 31, 2024. The restaurant ceased to be a Royalty Pooled Restaurant on January 1, 2024.

Subsequent to Q3 2024, on May 22, 2024, SIR opened a new Duke's Refresher at the intersection of Queen Street East and Broadview Avenue in Toronto.

Subsequent to Q3 2024, SIR successfully negotiated the extinguishment of the related property lease agreement effective June 14, 2024, for its closed Scaddabush location in the Mimico neighbourhood in Etobicoke, Ontario (refer to the "Investment in new and existing restaurants, and closed restaurants" section for more details of this closure).

As at the date of this report, SIR has commitments to lease three properties in Barrie, Guelph and Oshawa, Ontario, upon which it plans to build one new Jack Astor's and two new Scaddabush restaurants. There can be no assurance at this time that these planned new restaurants will be opened or will become part of the Royalty Pooled Restaurants.

During YTD 2024, SIR completed renovations to nine Jack Astor's restaurants (in London, Vaughan, Newmarket, Ottawa, Ancaster, Richmond Hill and Scarborough, Ontario, Dundas Square in Toronto and Halifax, Nova Scotia), expanding the total number of renovated Jack Astor's locations to 18 since the beginning of Fiscal 2022. SIR also completed renovations to its Reds Square One location in Mississauga, Ontario during Q4 2023. The Company is pleased with the success of these renovations and plans to invest in similar restaurant renovations throughout Fiscal 2024.

SIR's insurer has denied any business interruption claims due to COVID-19 related operating restrictions or closures. However, SIR pursued a Business Interruption claim due to Civil Authority orders against its insurer by way of Notice of Application in the Ontario Superior Court. On January 10, 2023, the application was dismissed. On May 24, 2023, the Court of Appeal for Ontario ("ONCA") reviewed the application anew and on November 22, 2023, the application was dismissed by the ONCA. SIR has applied to the Supreme Court of Canada for leave to appeal. There can be no assurance that such leave will be granted or that such appeal would 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 Same Store Sales Growth ("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 2024 and Fiscal 2023 and the seasonal restaurant, Abbey's Bakehouse, in Muskoka, Ontario, 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.

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 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.

EBITDA and Adjusted EBITDA

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. 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; 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; 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 19, 2024.*

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 14, 2024 for the period ended December 31, 2023, 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