Pizza Pizza Royalty Corp. (PZRIF)

Updated May 22nd, 2026 by Ian Bezek

Key Metrics

Current Price:	$8.95	**5 Year Annual Expected Total Return:**	6.8%	**Market Cap:**	$307 M
Fair Value Price:	$8.96	**5 Year Growth Estimate:**	1.0%	**Ex-Dividend Date:**	05/29/26
% Fair Value:	100%	**5 Year Valuation Multiple Estimate:**	0.0%	**Dividend Payment Date:**	06/15/26
Dividend Yield:	6.6%	**5 Year Price Target**	$9.42	**Years Of Dividend Growth:**	0
Dividend Risk Score:	F	**Sector:**	Consumer Discretionary	**Rating:**	Sell

Overview & Current Events

Pizza Pizza Royalty Corp. is a Canadian entity which collects and distributes a dividend stream based on royalties earned from the Pizza Pizza and Pizza 73 restaurant chains. Shares are dual-listed in Canada under the ticker "PZA" and the U.S. with the over-the-counter ticker "PZRIF". The company's base reporting currency is Canadian Dollars, but this report will use U.S. Dollar figures except when otherwise noted.

Pizza Pizza Royalty Corp. receives income from approximately 814 combined total restaurant locations across Canada under its two brands. More than 150 of these are non-traditional locations sited in public places such as universities and hospitals. Pizza Pizza has outsized exposure to the province of Alberta thanks to its ownership of Pizza 73 which is centered in that province. Pizza Pizza's overall results picked up a bit coming out of the pandemic, but the company fell back into negative growth territory in 2024.

Pizza Pizza reported its Q1 2026 results on May 1st, 2026. Same store sales slumped 4.1% in Q1 versus the prior year. This was a serious deceleration from the 0.1% and 0.2% increases reported in Q3 and Q4 of 2025, respectively. Previously, Pizza Pizza had been offsetting decreasing customer traffic with price increases to maintain roughly flat overall sales, but this strategy seemingly reached its limit this quarter. Q1 fully diluted EPS of 22 cents CAD fell by 5.6% year-over-year. With the firm's payout ratio moving above 100% and its working capital reserve slipping, on May 15th, management elected to cut the company's dividend by 13%.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$0.65	$0.68	$0.63	$0.65	$0.59	$0.58	$0.63	$0.72	$0.65	$0.68	***$0.64***	***$0.67***
DPS	$0.63	$0.68	$0.63	$0.66	$0.53	$0.54	$0.59	$0.67	$0.65	$0.68	***$0.59***	***$0.62***
Shares	31	31	32	32	32	32	32	32	33	33	***33***	***34***

Pizza Pizza has not been able to generate much growth over the past decade. It appears that the pizza and fast casual market is already saturated in Canada. Both Pizza Pizza and other publicly-traded Canadian restaurant chains have struggled to expand for years now. Pizza Pizza, specifically, has grown its earnings per share and its dividend by just 1% annualized over the past decade. 2024's results were weak, and it's quite possible that Pizza Pizza will fall into outright sustained earnings declines, especially if Canada's macroeconomic situation worsens. That said, for the time being, we are modeling 1% EPS and dividend per share growth over the longer-term.

The company pays out virtually all of its earnings to shareholders as dividends, as is common for Canadian royalty funds, meaning that it is unlikely that Pizza Pizza would repurchase shares in the future. The company recently reduced its dividend from 0.0775 cents CAD to 0.0675 per share per month. The dividend had already been paused since 2024, and Sure Dividend had assigned an "F" dividend risk score to Pizza Pizza ever prior to this year's cut. While the payout ratio is slightly healthier at the newly reduced payment level, we are not overly confident in the firm's income sustainability over the longer-term.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	16.2	14.5	8.0	8.8	12.2	16.2	15.8	15.5	14.6	15.4	***14.0***	***14.0***
Avg. Yld.	5.1%	4.5%	5.6%	8.3%	9.8%	5.7%	5.5%	5.9%	6.2%	6.4%	***6.6%***	***6.6%***

Pizza Pizza Royalty Corp. has had a consistent valuation ratio for most of the past decade. Shares dipped into the single digit P/E range in 2018-19, but have otherwise been quite stable in the low teens. Shares fell after the firm's recent dividend reduction and are now trading around fair value. The new dividend yield of 6.6% is slightly above Pizza Pizza's average over the past five years.

Safety, Quality, Competitive Advantage, & Recession Resiliency

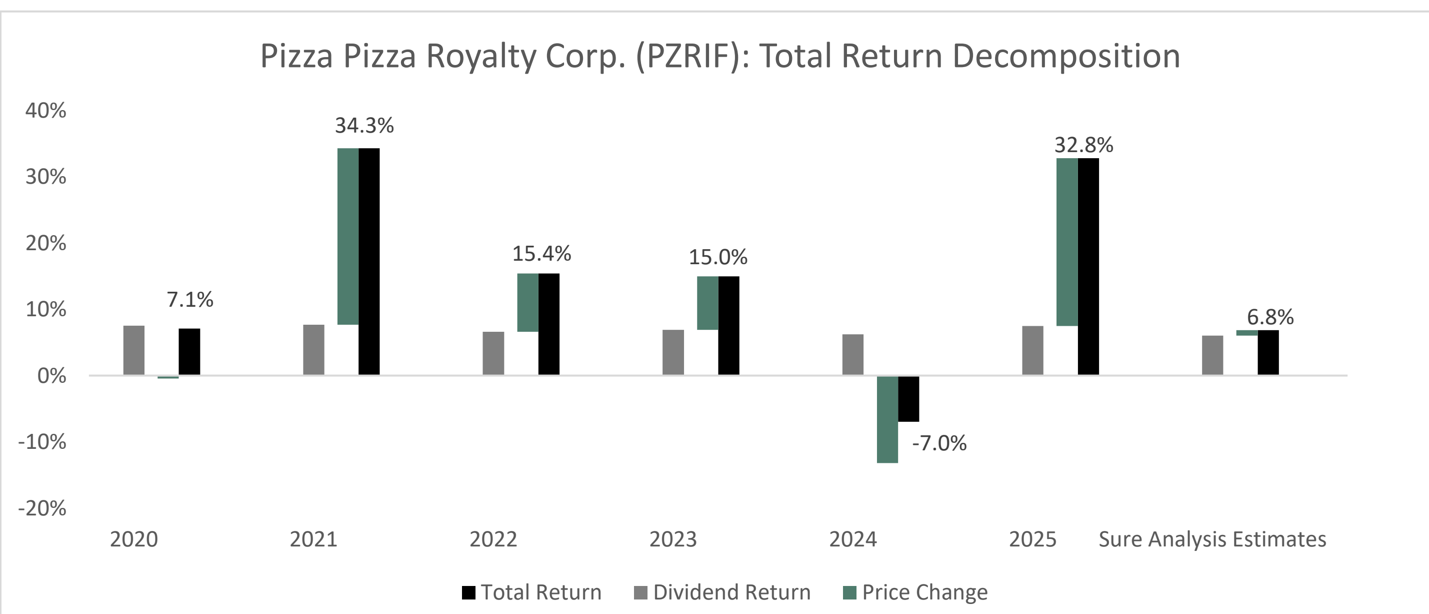
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	97%	100%	100%	102%	90%	93%	94%	93%	100%	100%	***92%***	***92%***

Pizza Pizza pays out nearly all its cash flow to shareholders as dividends, leading to a payout ratio which has been consistently right around the 100% mark. We expect that Pizza Pizza would increase its dividends if earnings rise, maintaining its current payout ratio. However, when earnings decline, such as happened this past quarter, it can lead to an immediate adjustment in the dividend policy. That wasn't a first-time incident, either, as the firm's dividend was also reduced during the pandemic. Pizza sales should be fairly resilient in a recession. However, Pizza Pizza's lack of growth historically combined with a saturated market for fast casual food creates significant risk to the firm's longer-term business model.

Final Thoughts & Recommendation

Unless Pizza Pizza can find a way to grow its store count considerably, there is not much in the way of upside here for the earnings or share price. The primary component of the returns going forward will be from the firm's dividend yield, which is currently at 6.6%. The stock dropped sharply on the dividend cut, and that has pulled the share price down to fair value. We see annualized longer-term returns of 6.8% going forward. Pizza Pizza Royalty Corp. merits a sell rating today due to its low dividend safety and lack of dividend growth track record.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	27	27	27	27	24	25	28	30	29	29
SG&A Exp.	1	0	0	0	0	0	0	0	1	1
Op. Profit	26	27	27	27	23	25	28	29	29	29
Op. Margin	98.1%	98.2%	98.4%	98.6%	98.0%	98.2%	98.3%	98.4%	98.2%	100%
Net Profit	20	21	21	21	18	19	21	23	23	22
Net Margin	75.7%	75.9%	75.9%	76.0%	77.0%	74.9%	75.6%	77.0%	77.8%	75.9%
Free Cash Flow	21	22	21	21	19	20	22	23	22	23
Income Tax	5	5	5	5	4	5	5	6	5	5

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	256	278	261	275	284	285	271	279	260	275
Cash & Equivalents	2	2	1	0	2	2	1	2	1	3
Accounts Receivable	0	0	0	0	0	0	0	0	0	3
Goodwill & Int.	249	271	256	269	277	277	261	268	254	270
Total Liabilities	51	55	52	55	57	57	56	57	53	55
Accounts Payable	0	0	0	0	0	0	0	0	0	1
Long-Term Debt	35	37	35	36	37	37	35	35	33	34
Shareholder’s Equity	204	222	209	220	226	228	215	222	208	220
LTD/E Ratio	0.17	0.17	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	8.0%	7.8%	7.7%	7.7%	6.5%	6.7%	7.6%	8.3%	8.4%	8.4%
Return on Equity	10.1%	9.8%	9.6%	9.6%	8.2%	8.4%	9.6%	10.5%	10.5%	10.5%
ROIC	8.6%	8.4%	8.2%	8.2%	7.0%	7.2%	8.2%	9.0%	9.1%	9.1%
Shares Out.	31	31	32	32	32	32	32	32	33	33.4
Revenue/Share	0.86	0.88	0.86	0.85	0.74	0.79	0.87	0.92	0.88	0.88
FCF/Share	0.67	0.69	0.67	0.67	0.58	0.61	0.69	0.72	0.68	0.68

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.