Management's Discussion and Analysis
For the fiscal year ended November 30, 2015

General

Management's Discussion and Analysis of the financial position and results of operations ("MD&A") of MTY Food Group Inc. ("MTY") is supplementary information and should be read in conjunction with the Company's consolidated financial statements and accompanying notes for the fiscal year ended November 30, 2015.

In the MD&A, MTY Food Group Inc., MTY, or the Company, designates, as the case may be, MTY Food Group Inc. and its Subsidiaries, or MTY Food Group Inc., or one of its subsidiaries.

The disclosures and values in this MD&A were prepared in accordance with International Financial Reporting Standards (IFRS) and with current issued and adopted interpretations applied to fiscal years beginning on or after December 1, 2014.

This MD&A was prepared as at February 15, 2016. Supplementary information about MTY, including its latest annual and quarterly reports, and press releases, is available on SEDAR's website at www.sedar.com.

Forward looking statements and use of estimates

This MD&A and, in particular, but without limitation, the sections of this MD&A entitled Outlook, Same-Store Sales, Contingent Liabilities and Subsequent Event, contain forward-looking statements. These forward-looking statements include, but are not limited to, statements relating to certain aspects of the business outlook of the Company during the course of 2015. Forward-looking statements also include any other statements that do not refer to independently verifiable historical facts. A statement made is forward-looking when it uses what is known and expected today to make a statement about the future. Forward-looking statements may include words such as aim, anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, project, seek, should, strategy, strive, target and will. All such forward-looking statements are made pursuant to the 'safe harbour' provisions of applicable Canadian securities laws.

Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations at February 15, 2016 and, accordingly, are subject to change after such date. Except as may be required by Canadian securities laws, the Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions which give rise to the possibility that actual results or events could differ materially from the expectations expressed in or implied by such forward-looking statements and that the business outlook, objectives, plans and strategic priorities may not be achieved. As a result, the Company cannot guarantee that any forward-looking statement will materialize and readers are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements are provided in this MD&A for the purpose of giving information about management's current strategic priorities, expectations and plans and allowing investors and others to get a better understanding of the business outlook and operating environment. Readers are cautioned, however, that such information may not be appropriate for other purposes.

Forward-looking statements made in this MD&A are based on a number of assumptions that are believed to be reasonable on February 15, 2016. Refer, in particular, to the section of this MD&A entitled Risks and Uncertainties for a description of certain key economic, market and operational assumptions the Company has used in making forward-looking statements contained in this MD&A. If the assumptions turn out to be inaccurate, the actual results could be materially different from what is expected.

In preparing the consolidated financial statements in accordance with IFRS and the MD&A, management must exercise judgment when applying accounting policies and use assumptions and estimates that have an impact on the amounts of assets, liabilities, sales and expenses reported and on contingent liabilities and contingent assets information provided.

Unless otherwise indicated in this MD&A, the strategic priorities, business outlooks and assumptions described in the previous MD&A remain substantially unchanged.

Important risk factors that could cause actual results or events to differ materially from those expressed in or implied by the above-mentioned forward-looking statements and other forward-looking statements included in this MD&A include, but are not limited to: the intensity of competitive activity, and the resulting impact on the ability to attract customers' disposable income; the Company's ability to secure advantageous locations and renew existing leases at sustainable rates; the arrival of foreign concepts, the ability to attract new franchisees; changes in customer tastes, demographic trends and in the attractiveness of concepts, traffic patterns, occupancy cost and occupancy level of malls and office towers; general economic and financial market conditions, the level of consumer confidence and spending, and the demand for, and prices of, the products; the ability to implement strategies and plans in order to produce the expected benefits; events affecting the ability of third-party suppliers to provide essential products and services; labour availability and cost; stock market volatility; operational constraints and the event of the occurrence of epidemics, pandemics and other health risks.

These and other risk factors that could cause actual results or events to differ materially from the expectations expressed in or implied by these forward-looking statements are discussed in this MD&A.

Readers are cautioned that the risks described above are not the only ones that could impact the Company. Additional risks and uncertainties not currently known or that are currently deemed to be immaterial may also have a material adverse effect on the business, financial condition or results of operations.

Except as otherwise indicated by the Company, forward-looking statements do not reflect the potential impact of any non-recurring or other special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after February 15, 2016. The financial impact of these transactions and non-recurring and other special items can be complex and depends on the facts particular to each of them. The Company therefore cannot describe the expected impact in a meaningful way or in the same way that present known risks affecting our business.

Compliance with International Financial Reporting Standards

Unless otherwise indicated, the financial information presented below, including tabular amounts, is expressed in Canadian dollars and prepared in accordance with International Financial Reporting Standards (“IFRS”). MTY uses earnings before interest, taxes, depreciation and amortization (“EBITDA”), because this measure enables management to assess the Company’s operational performance. The Company also discloses same-store sales growth, which are defined as comparative sales generated by stores that have been open for at least thirteen months or that have been acquired more than thirteen months ago.

These measures are widely accepted financial indicators but are not a measurement determined in accordance with GAAP and may not be comparable to those presented by other companies. These non-GAAP measures are intended to provide additional information about the performance of MTY, and should not be considered in isolation or as a substitute for measure of performance prepared in accordance with GAAP.

The Company uses these measures to evaluate the performance of the business as they reflect its ongoing operations. Management believe that certain investors and analysts use EBITDA to measure a company’s ability to meet payment obligations or as a common measurement to value companies in the industry. Similarly, same-store sales growth provides additional information to investors about the performance of the network that is not available under GAAP. Both measures are components in the determination of short-term incentive compensation for some employees.

Highlights of significant events during the fiscal year

On December 18, 2014, the Company announced that it had completed the acquisition of 100% of the assets of Manchu Wok, Wasabi Grill & Noodle and SenseAsian restaurants, for a total consideration of $7.9 million. The transaction was effective on December 18, 2014.

On March 23, 2015, the Company acquired the interest of the non-controlling shareholders of one of its subsidiaries (9286-5591 Quebec Inc., doing business as Thaï Zone) for $0.8 million. Following this transaction, the Company has a 100% ownership of this subsidiary.

In May 2015, the Company deemed the future sale of 7687567 Canada Inc. no longer probable in the near future and as such, reclassified the investment from a subsidiary held-for-sale to a consolidated subsidiary. Prior year amounts on the consolidated statements of income and of comprehensive income, the statements of financial position and the statements of cash flows have been restated for the change in classification.

On September 18, 2015, the Company acquired 60% of the assets of Big Smoke Burger for a total consideration of $3.0 million.

Core business

MTY franchises and operates quick-service restaurants under the following banners: Tiki-Ming, Sukiyaki, La Crémière, Au Vieux Duluth Express, Carrefour Oriental, Panini Pizza Pasta, Franx Supreme, Croissant Plus, Villa Madina, Cultures, Thaï Express, Vanellis, Kim Chi, “TCBY”, Yogen Früz, Sushi Shop, Koya Japan, Vie & Nam, Tandori, O’Burger, Tutti Frutti, Taco Time, Country Style, Buns Master, Valentine, Jugo Juice, Mr. Sub, Koryo Korean Barbeque, Mr. Souvlaki, Sushi Go, Mucho Burrito, Extreme Pita, PurBlendz, ThaïZone, Madisons New York Grill & Bar, Café Dépôt, Muffin Plus, Sushi-Man, Fabrika, Van Houtte, Manchu Wok, Wasabi Grill & Noodle and SenseAsian, Tosto and Big Smoke Burger.

As at November 30, 2015, MTY had 2,738 locations in operation, of which 2,695 were franchised or under operator agreements and the remaining 43 locations were operated by MTY.

MTY's locations can be found in: i) food courts and shopping malls; ii) street front; and, iii) non-traditional format within petroleum retailers, convenience stores, cinemas, amusement parks, in other venues or retailers shared sites, hospitals, universities and airports. The non-traditional locations are typically smaller in size, require a lower investment and generate lower revenues than the locations found in shopping malls, food courts or street front locations. The street front locations are mostly made up of the Country Style, La Crémière, "TCBY", Sushi Shop, Taco Time, Tutti Frutti, Valentine, Mr. Sub, ThaïZone, Extreme Pita, Mucho Burrito and Madisons banners. La Crémière and "TCBY" operate primarily from April to September and the others banners operate year round.

MTY has developed several quick service restaurant concepts: Tiki-Ming (Chinese cuisine), was its first banner, followed by Sukiyaki (a Japanese delight), Franx Supreme (hot dog/hamburger), Panini Pizza Pasta, Chick'n'Chick, Caferama, Carrefour Oriental, Villa Madina, Kim Chi, Vie & Nam, Tandori, O'Burger and Tosto.

Other banners added through acquisitions include:

Brand	**Acquisition year**	**% ownership**	**# of franchised locations**	**# of corporate locations**
Fontaine Santé/Veggirama	1999	100%	18	—
La Crémière	2001	100%	71	3
Croissant Plus	2002	100%	18	2
Cultures	2003	100%	24	—
Thaï Express	May 2004	100%	6	—
Mrs. Vanelli's	June 2004	100%	103	—
TCBY – Canadian master franchise right	September 2005	100%	91	—
Yogen Früz™ exclusive master franchise rights in Canada	April 2006	100%	152	—
Sushi Shop	September 2006	100%	42	5
Koya Japan	October 2006	100%	24	—
Sushi Shop – existing franchise locations	September 2007	100%	—	15
Tutti Frutti	September 2008	100%	29	—
Taco Time – Canadian master franchise rights	October 2008	100%	117	—
Country Style Food Services Holdings Inc.	May 2009	100%	475	5
Groupe Valentine inc.	September 2010	100%	86	9
Jugo Juice	August 2011	100%	134	2
Mr. Submarine	November 2011	100%	338	—
Koryo Korean BBQ	November 2011	100%	19	1
Mr. Souvlaki	September 2012	100%	14	—
SushiGo	June 2013	100%	3	2
Extreme Pita, PurBlendz and Mucho Burrito ("Extreme Brandz")	September 2013	100%	300 - 34 of which in the United States	5

Brand	Acquisition year	% ownership	# of franchised locations	# of corporate locations
Thaï Zone	September 2013	80%	25 and 3 mobile restaurants	—
Madisons	July 2014	90%	14	—
Café Dépôt, Muffin Plus, Sushi-Man and Fabrika	October 2014	100%	88	13
Van Houtte Café Bistros – perpetual franchising license	November 2014	100%	51	1
Manchu Wok, Wasabi Grill & Noodle and SenseAsian	December 2014	100%	115	17
Big Smoke Burger	September 2015	60%	13	4

MTY also has an exclusive area development agreement with Restaurant Au Vieux Duluth to develop and sub-franchise Au Vieux Duluth Express quick-service restaurants in the Provinces of Ontario and Quebec.

Revenues from franchise locations are generated from royalty fees, franchise fees, sales of turn key projects, rent, sign rental, supplier contributions and sales of other goods and services to franchisees. Revenues from corporate owned locations include sales generated from corporate owned locations. Operating expenses related to franchising include salaries, general and administrative costs associated with existing and new franchisees, expenses in the development of new markets, costs of setting up turn key projects, rent, supplies and equipment sold to franchisees. Corporate owned location expenses include the costs incurred to operate corporate owned locations.

MTY generates revenues from the food processing business discussed herein. The plant produces various products that range from ingredients and ready to eat food sold to restaurants or other food processing plants to microwavable meals sold in retail stores. The plant generates most of its revenues selling its products to distributors and retailers.

The Company also generates revenues from its distribution center located on the south shore of Montreal. The distribution center mainly serves the Valentine and Franx Supreme franchisees with a broad range of products required in the day-to-day operations of the restaurants.

Description of recent acquisitions

On September 18, 2015, the Company acquired 60% of the assets of Big Smoke Burger for a total consideration of $3,000. As at closing, there were 17 outlets in operations, 4 of which corporately-owned locations. Of the 17 stores, 8 are located in the United States or overseas.

On March 23, 2015, the Company acquired the interest of the non-controlling shareholders of one of its subsidiaries (9286-5591 Quebec Inc., doing business as Thaï Zone) for $0.8 million. Following this transaction, the Company has a 100% ownership of this subsidiary.

On December 18, 2014, the Company announced that it had completed the acquisition of 100% of the assets of Manchu Wok, Wasabi Grill & Noodle and SenseAsian for a total consideration of $7.9 million. At the date of closing, there were 132 outlets in operations, including 17 corporately-owned restaurants. 51 of the restaurants are located in the United States.

On November 7, 2014, the Company announced that it had completed the acquisition of 100% of the franchising operations of Van Houtte Café Bistros for a total consideration of $0.95 million. At the date of closing, there were 52 outlets in operations, including one corporately-owned restaurant. All of the restaurants are located in the province of Quebec.

On October 31, 2014, the Company announced that it had completed the acquisition of 100% of the assets of Café Dépôt, Muffin Plus, Sushi-Man and Fabrika, for a total consideration of $13.95 million. At the time of closing, there were 101 restaurants in operations, including 13 corporate ones. All of the restaurants are located in the province of Quebec, with the exception of one restaurant which is located in Ontario.

On July 21, 2014, the Company acquired the assets of Madisons for a total consideration of $12.9 million. The Company took a 90% ownership position in the newly created subsidiary. The acquisition was financed using a $3.0 million cash injection from the shareholders, a new credit facility and by a balance of sale of $1.3 million. At the date of closing, there were 14 franchised restaurants in operation, all of which are located in Quebec.

Selected annual information

(in thousands of dollars)	**Year ended November 30,2015**	**Year ended November 30,2014** *(restated)*	**Year ended November 30,2013** *(restated)*
Total assets	225,387	199,448	177,345
Total long-term liabilities	7,711	9,744	9,255
Operating revenue	145,203	115,177	101,360
EBITDA	50,682	42,659	39,476
Income before income taxes	35,903	34,308	34,691
Income before taxes, excluding impairment charges and reversals	43,996	36,664	34,691
Net income attributable to owners	26,015	25,204	25,754
Total comprehensive income attributable to owners	25,918	25,184	25,760
EPS basic	1.36	1.32	1.35
EPS diluted	1.36	1.32	1.35
Dividends paid on common stock	$7,648	$6,501	$5,354
Dividends per common share	$0.40	$0.34	$0.28
Weighted daily average number of common shares	19,120,567	19,120,567	19,120,567
Weighted average number of diluted common shares	19,120,567	19,120,567	19,120,567

Summary of quarterly financial information

in thousands of $	Quarters ended							
	February 2014	May 2014	August 2014	November 2014	February 2015	May 2015	August 2015	November 2015
Revenue	$25,602	$29,402	$30,234	$29,939	$32,364	$38,355	$35,003	$39,481
EBITDA (restated[1])	$9,486	$11,405	$10,499	$11,269	$10,423	$13,444	$13,340	$13,475
Net income attributable to owners (restated[1])	$5,537	$7,266	$7,102	$5,299	$6,219	$8,501	$8,176	$3,119
Total comprehensive income attributable to owners (restated[1])	$5,519	$7,278	$7,088	$5,299	$5,878	$8,548	$8,336	$3,156
Per share	$0.29	$0.38	$0.37	$0.28	$0.33	$0.44	$0.43	$0.16
Per diluted share	$0.29	$0.38	$0.37	$0.28	$0.33	$0.44	$0.43	$0.16

[1] In May 2015, the Company deemed the future sale of 7657567 Canada Inc. no longer probable in the near future and as such, reclassified the investment from a subsidiary held-for-sale to a consolidated subsidiary. Prior period amounts on the consolidated statements of income and of comprehensive income, and the statements of financial position have been restated for the change in classification.

Results of operations for the fiscal year ended November 30, 2015

Revenue

During the 2015 fiscal year, the Company's total revenue increased by 26% to reach $145.2 million. Revenues for the four segments of business are broken down as follows:

	November 30, 2015 ($ million)	November 30, 2014 ($ million)	Variation
Franchise operation	101.7	90.0	13%
Corporate stores	30.4	12.1	152%
Distribution	6.4	6.0	7%
Food processing	8.8	8.5	3%
Intercompany transactions	(2.1)	(1.4)	N/A
Total operating revenues	145.2	115.2	26%

As is shown in the table above, revenue from franchise locations progressed by 13%. Several factors contributed to the variation, as listed below:

	$million
Revenues, 2014 fiscal year	90.0
Increase in recurring revenue streams	11.2
Increase in initial franchise fees, renewal fees and transfer fees	0.4
Decrease in turn key, sales of material to franchisees and rent revenues	(1.5)
Other non-material variations	1.6
Revenues, 2015 fiscal year	101.7

During the year, the Company benefitted from the impact of the acquisitions realised late in 2014 and in 2015, which accounted for nearly all of the increase in recurring streams of revenues.

Revenue from corporate owned locations increased by 152%, to $30.4 million during the year. The increase is mainly due to the corporate stores added through the acquisitions made in the past 12 months. At the end of the year, the company had 43 corporate stores, compared to 36 a year earlier.

Distribution revenues increased by 7% year-to-date mainly due to an increase in the system sales of the concepts it supports during the period. System sales for the concepts it supports increased by more than 5% year-over-year.

Food processing revenues increased by 3% during the year mainly due to the addition of new contracts during the second half of the fiscal year.

Cost of sales and other operating expenses

During the year, operating expenses increased by 30% to $94.5 million, up from $72.5 million a year ago. Operating expenses for the four business segments were incurred as follows:

	November 30, 2015 ($ million)	November 30, 2014 ($ million)	Variation
Franchise operation	52.7	47.1	12%
Corporate stores	29.1	12.5	133%
Distribution	5.8	5.5	6%
Food processing	9.0	8.8	1%
Intercompany transactions	(2.1)	(1.4)	N/A
Total operating expenses	94.5	72.5	30%

Expenses from franchise operations increased by $5.6 million during 2015 compared to the same period last year. The increase is mostly attributable to the direct and indirect costs of the workforce required to operate the new concepts acquired late in 2014 and in 2015, which more than offset the decline in rent and resale material and in the cost of bad debts. Other notable variations during the period include higher expenditures and provisions for lease termination costs.

Expenses from the other segments fluctuated mostly as a function of factors explained in the Revenue section above.

Earnings before interest, taxes, depreciation and amortization (EBITDA)

(In millions $)	Franchise	Corporate	Distribution	Processing	Intercompany transactions	Total
	Fiscal year ended November 30, 2015					
Revenues	101.71	30.36	6.43	8.77	(2.07)	145.20
Expenses	52.75	29.05	5.81	8.98	(2.07)	94.52
EBITDA(1)	48.96	1.31	0.62	(0.21)	0.00	50.68
EBITDA as a % of Revenue	48%	4%	10%	N/A	N/A	35%

(In millions $)	Franchise	Corporate	Distribution	Processing	Intercompany transactions	Total
	Fiscal year ended November 30, 2014					
Revenues	89.96	12.06	6.02	8.49	(1.36)	115.18
Expenses	47.09	12.46	5.47	8.85	(1.36)	72.52
EBITDA(1)	42.87	(0.40)	0.55	(0.36)	0.00	42.66
EBITDA as a % of Revenue	48%	N/A	9%	N/A	N/A	37%

(1)EBITDA (income before income taxes, interest, depreciation and amortization) is not an earnings measure recognized by IFRS and therefore may not be comparable to similar measures presented by other companies. EBITDA is defined as operating revenues less operating expenses. See reconciliation of EBITDA to Income before taxes on page 10.

Total EBITDA for the year ended November 30, 2015 was $50.7 million, an increase of 19% compared to the same period last year.

During the period, the franchising operations generated $49.0 million in EBITDA, a 14% increase over the results of the same period last year. The increase is mainly attributable to the operations of the newly acquired concepts, which generated most of the total increase in EBITDA. Corporate stores also generated a higher EBITDA in 2015 mainly as a result of the new stores acquired at the end of 2014 and in 2015.

EBITDA as a % of revenues decreased slightly for the year mainly due to the higher relative weight of corporate stores which caused the overall margin to go down as corporate stores convert a lower proportion of their revenues into EBITDA. EBITDA was also negatively affected by higher lease termination cost.

Net income

For the year ended November 30, 2015, net income attributable to owners increased by 3%, to $26.0 million or $1.36 per share ($1.36 per diluted share) compared to $25.2 million or $1.32 per share ($1.32 per diluted share) for the same period last year. Net income for both 2015 and 2014 was adversely impacted by impairment charges taken on the Extreme Pita and Country Style intangible assets.

On a normalized basis, net income attributable to owners for 2015 and 2014 would have been $31.9 million and $26.9 million respectively. This represents a 19% increase year-over-year. The increase is mainly due to the growth in EBITDA described above and higher gain on the disposal of property, plant and equipment. This was partly offset by higher depreciation and amortization charges resulting from the acquisitions realized in the last twelve months.

Calculation of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

(in thousands of dollars)	**Period ended November 30, 2015**	**Period ended November 30, 2014 (Restated)**
Income before taxes	35,903	34,308
Depreciation – property, plant and equipment	1,535	1,091
Amortization – intangible assets	6,744	5,985
Interest on long-term debt	436	422
Foreign exchange gains	(64)	(106)
Interest income	(144)	(118)
Impairment charge	8,093	2,356
Gain on redemption of preferred shares	—	(100)
Gain on disposal of property, plant and equipment and intangibles	(1,821)	(1,179)
EBITDA	**50,682**	**42,659**

Other income and charges

The gain on disposal of property, plant and equipment and intangible assets increased by $0.6 million in 2015 compared to the same period last year. The increase is mainly because of the disposal of some profitable corporate stores during the second and fourth quarter of 2015.

During the fourth quarter, as a result of a decline in the financial performance of the Extreme Pita and Croissant Plus franchise network, the Company carried out a review of the recoverable amounts of the intangible assets related to those brands. The review led to the recognition of an impairment loss of $7.8 million and $0.1 million respectively. As well, during the second quarter, the Company recorded a $0.2 million impairment loss for the goodwill associated with 7687567 Canada Inc. The goodwill was mainly associated to a contract that was contributed by a minority shareholder at the inception of operations. This contract was terminated in 2015.

Income taxes

The provision for income taxes as a percentage of income before taxes increased slightly compared to the same period last year. The slightly higher statutory rate is caused by a higher proportion of the profitability of the Company being realized in the United States during 2015 as a result of the acquisition of Manchu Wok.

Results of operations for the fourth quarter ended November 30, 2015

Revenue

During the fourth quarter of our 2015 fiscal year, the Company's total revenue increased by 32% to reach $39.5 million. Revenues for the four segments of business are broken down as follows:

	November 30, 2015 ($ million)	November 30, 2014 ($ million)	Variation
Franchise operation	27.7	22.7	22%
Corporate stores	8.0	3.5	127%
Distribution	2.1	1.9	6%
Food processing	2.6	2.3	11%
Intercompany transactions	(0.9)	(0.5)	N/A
Total operating revenues	39.5	29.9	32%

As is shown in the table above, revenue from franchise locations progressed by 22%. Several factors contributed to the variation, as listed below:

	$million
Revenues, fourth quarter of 2014	22.7
Increase in recurring revenue streams	2.5
Increase in initial franchise fees, renewal fees and transfer fees	0.6
Increase in turn-key, sales of material to franchisees and rent revenues	1.2
Other non-material variations	0.7
Revenues, fourth quarter of 2015	27.7

During the fourth quarter of 2015, the company benefitted from the impact of the acquisitions realized late in 2014 and early in 2015, which contributed to most of the increase in recurring streams of revenues. The fourth quarter also saw an increase to turnkey revenues compared to the same period last year mostly from the expansion of one of its banners.

Revenue from corporate owned locations increased to $8.0 million during the quarter, up from $3.5 million for the same period last year. The increase is mainly due to the corporate stores acquired through the acquisitions made in the past 12 months. At quarter end, the company had 43 corporate stores, compared to 36 a year earlier.

Distribution and food processing revenues increased by 6% and 11% respectively during the fourth quarter. Distribution revenues increased mainly due to an increase in system sales of the concepts it supports during the period. Revenues from the food processing business increased 11%, benefitting from the introduction of new products to the portfolio.

Cost of sales and other operating expenses

During the fourth quarter of 2015, operating expenses increased by 39% to $26.0 million, up from $18.6 million for the same period a year ago. Operating expenses for the four business segments were incurred as follows:

	November 30, 2015 ($ million)	November 30, 2014 ($ million)	Variation
Franchise operation	14.9	11.1	34%
Corporate stores	7.5	3.9	91%
Distribution	1.8	1.7	7%
Food processing	2.7	2.4	11%
Intercompany transactions	(0.9)	(0.5)	N/A
Total operating expenses	26.0	18.6	39%

Expenses from franchise operations increased by $3.8 million in the fourth quarter of 2015 compared to the same period last year. The increase is mostly attributable to the additional costs caused by the operations of newly acquired concepts. This was partially offset by a decrease in cost of turnkeys and sale of material.

The expenses of the other segments varied in correlation with their respective revenues.

Earnings before interest, taxes, depreciation and amortization (EBITDA)

	Three months ended November 30, 2015					
(In millions $)	Franchise	Corporate	Distribution	Processing	Intercompany transactions	Total
Revenues	27.70	8.05	2.07	2.56	(0.90)	39.48
Expenses	14.90	7.48	1.86	2.67	(0.90)	26.01
EBITDA[(1)]	12.80	0.57	0.21	(0.11)	0.00	13.47
EBITDA as a % of Revenue	46%	7%	10%	N/A	N/A	34%

	Three months ended November 30, 2014					
(In millions $)	Franchise	Corporate	Distribution	Processing	Intercompany transactions	Total
Revenues	22.66	3.54	1.95	2.30	(0.51)	29.94
Expenses	11.12	3.91	1.74	2.41	(0.51)	18.67
EBITDA	11.54	(0.37)	0.21	(0.11)	0.00	11.27
EBITDA as a % of Revenue	51%	N/A	11%	N/A	N/A	38%

(1)EBITDA (income before income taxes, interest, depreciation and amortization) is not an earnings measure recognized by IFRS and therefore may not be comparable to similar measures presented by other companies. EBITDA is defined as operating revenues less operating expenses. See reconciliation of EBITDA to Income before taxes on page 13.

Total EBITDA for the fourth quarter was $13.5 million, an increase of 20% compared to the same period in 2014.

During the period, the franchising operations generated $12.8 million in EBITDA, an 11% increase over the results of the same period last year. The increase is mainly attributable to the operations of the newly acquired concepts, which accounted for most of increase in EBITDA. Corporate stores also generated a higher EBITDA in 2015 mainly as a result of the new stores acquired in the last 12 months.

EBITDA as a % of revenues for the franchising operations has decreased during the fourth quarter, mainly as a result of the higher relative weight of turnkeys, rent and resale material during 2015.

Net income

For the three-month period ended November 30, 2015, the Company's net income attributable to owners decreased by 41% over the same period last year. MTY reported a net income attributable to its owners of $3.1 million or $0.16 per share ($0.16 per diluted share) compared to $5.3 million or $0.28 per share ($0.28 per diluted share) in 2014.

The decrease in net income is mostly attributable to the impairment charge taken on two of its concepts in the last quarter of 2015. On a normalized basis, net income attributable to owners excluding the impact of impairment charges would have been $8.9 million ($0.46 per diluted share) during the fourth quarter of 2015 and $7.0 million ($0.37 per diluted shares) in the fourth quarter of 2014.

Calculation of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

(in thousands of dollars)

	Quarter ended November 30, 2015	Quarter ended November 30, 2014 (Restated)
Income before taxes	4,146	7,255
Depreciation – property, plant and equipment	397	227
Amortization – intangible assets	1,627	1,613
Interest on long-term debt	95	61
Foreign exchange losses	(91)	(90)
Interest income	(133)	(64)
Impairment charge	7,893	2,356
Gain on disposal of property, plant and equipment and intangibles	(459)	(89)
EBITDA	**13,475**	**11,269**

Other income and charges

During the fourth quarter, as a result of a decline in the financial performance of the Extreme Pita and Croissant Plus franchise network, the Company carried out a review of the recoverable amounts of the intangible assets related to those brands. The review led to the recognition of an impairment loss of $7.8 million and $0.1 million respectively in 2015 compared to an impairment loss of $2.4 million in 2014 for the impairment of the Country Style franchise network.

The Company also generated a non-recurring gain of $0.5 million on the disposal of certain corporate stores during the fourth quarter. This is an increase of $0.3 million compared to the same period in 2014.

Income taxes

The provision for income taxes as a percentage of income before taxes decreased from 26.3% in 2014 to 23.0% in 2015. This decrease is mainly due to variations in prior period adjustments.

Contractual obligations and long-term debt

The obligations pertaining to the long-term debt and the minimum rentals for the leases that are not subleased are as follows:

For the period ending *(In thousands $)*	Long term debt[1]	Net lease commitments	Total contractual obligations
12 months ending November 2016	6,420	5,506	11,926
12 months ending November 2017	883	4,708	5,591
12 months ending November 2018	558	3,675	4,233
12 months ending November 2019	196	3,056	3,252
12 months ending November 2020	8	2,424	2,432
Balance of commitments	33	7,597	7,630
	8,098	**26,966**	**35,064**

(1) Amounts shown represent the total amount payable at maturity and are therefore undiscounted. For total commitments, please refer to the November 30, 2015 consolidated financial statements

Long-term debt includes non-interest bearing holdbacks on acquisitions, non-interest bearing contract cancellation fees, as well as a balance of sale related to the acquisition of Madisons.

At the end of the quarter, the Company had drawn $6.3 million from its credit facilities. The credit facilities are subject to covenants of funded debt to EBITDA ratio of 2 to 1 and a minimum interest coverage ratio of 4.5 to 1. At November 30, 2015, the Company was in compliance with the facilities' covenants. The facilities, when used, bears interest at the bank's annual prime rate plus a margin not exceeding 0.5% established based on the Company's funded debt/EBITDA ratio.

Liquidity and capital resources

As of November 30, 2015, the amount held in cash net of the line of credit totalled $27.1 million, an increase of $32.2 million since the end of the 2014 fiscal period.

During the year, the Company finalized the acquisition of Manchu Wok and Big Smoke Burger, investing a total of $5.0 million and $2.6 million respectively. The Company also paid $7.6 million in dividends to its shareholders year-to-date. All those items had no significant impact on the cash position of the Company as a result of strong cash flows generated by operations.

Cash flows generated by operating activities were $51.1 million during the year, compared to $33.0 million for the same period in 2014. Excluding the variation in non-cash working capital items, income taxes and interest paid, operations generated $52.2 million in cash flows, compared to $42.8 million in 2014, which represents an increase of 22% compared to the same period last year. The main driver for the increase stems from the increase to recurring revenue streams.

In the short-term, Management will continue to open new locations that will be funded by new franchisees. MTY will continue its efforts to sell some of its existing corporate owned locations and will seek new opportunities to acquire other food service operations. MTY has an available line of credit of $40.0 million, of which $33.7 million was available as at November 30, 2015.

Financial position

Accounts receivable at the end of the quarter were at $18.7 million, compared to $16.8 million at the end of the 2014 fiscal period. The increase is mainly due to the growth in franchising revenues.

Property, plant and equipment, intangible assets and goodwill all increased during the year as a result of the acquisitions made during the first and fourth quarter of 2015. The Company has also built three corporate stores and renovated some others during the period, which contributed to the increase in property, plant and equipment. This was partially offset by the impairment charge taken during the year.

Accounts payable increased to $24.4 million as at November 30, 2015, from $14.2 million as at November 30, 2014. The increase is mainly due to the growth of the franchising business, to an increase in security and construction deposits and to an increase in the net balance of advertising funds.

Provisions, which are composed of litigation and dispute, closed store and gift card provisions, increased slightly to $3.5 million as at November 30, 2015 from $3.1 million as at November 30, 2014. The company saw an increase for closed stores and litigations provision. This was partially offset by a decrease in the gift card provision.

Deferred revenues consist of distribution rights which are earned on a consumption basis and include initial franchise fees to be earned once substantially all of the initial services have been performed. The balance as at November 30, 2015 was $5.7 million, an increase of $2.0 million since November 30, 2014. The increase stems from new supplier contributions received during the second quarter of 2015. These amounts will be recognized into revenues as they are earned.

Long-term debt is composed of non-interest bearing holdbacks on acquisitions and non-interest bearing contract cancellation fees. During the year, the Company added a non-interest bearing holdback on the acquisition of Manchu Wok and Big Smoke Burger.

Further details on the above statement of financial position items can be found in the notes to the November 30, 2015 consolidated financial statements.

Capital stock

No shares were issued during the quarter ended November 30, 2015. As at February 15, 2016 there were 19,120,567 common shares of MTY outstanding.

Location information

MTY's locations can be found in: i) food courts and shopping malls; ii) street front; and iii) non-traditional format within petroleum retailers, convenience stores, cinemas, amusement parks, in other venues or retailer shared sites, hospitals, universities and airports. The non-traditional locations are typically smaller in size, require lower investment and generate lower revenue than the shopping malls, food courts and street front locations.

	Number of locations for the fiscal year ended	
	November 30, 2015	November 30, 2014
Franchises, beginning of year	**2,691**	2,565
Corporate owned, beginning of year	**36**	25
Opened during the period		
Mall	**49**	42
Street	**46**	40
Non-traditional	**25**	63
Closed during the period		
Mall	**(67)**	(42)
Street	**(99)**	(49)
Non-traditional	**(92)**	(84)
Acquired during the period	**149**	167
Total end of period	**2,738**	2,727
Franchises, end of period	**2,695**	2,691
Corporate owned, end of period	**43**	36
Total end of period	**2,738**	2,727

During 2015, the Company's network grew by 11 outlets. The increase is attributable to the acquisitions of the 132 stores added as a result of the acquisition of Manchu Wok, Wasabi Grill & Noodle and SenseAsian, and to the 17 stores added as a result of the Big Smoke Burger acquisition.

For the year, there were 258 store closures, compared to 175 store closures a year earlier. The high number of closures during 2015 was driven by a number of factors including closure of locations that had suboptimal real estate, that were under severe competitive pressures, for which landlords were renovating the premises and changing the usage of a location or for which the lease had expired and was not renewed. Including in the store closures were also 33 Yogen Fruz and TCBY locations, most of which were closed as a result of the termination by one franchisee of multiple locations.

During 2015, there were 120 new stores opened, which is slightly lower than the result achieved in 2014. There were more mall and street front locations opened, but fewer non-traditional ones.

The average monthly sales of the stores closed during 2015 were approximately $18,700, while the average monthly sales of stores opened during 2015 were approximately $34,000. The total combined sales of the stores opened during 2015 were approximately $0.5M more than the total combined sales of the stores that were closed, thus producing a net positive impact despite the large net loss in store count.

At the end of the period, the Company had 43 corporate stores, a net increase of 7 compared to the end of the 2014 fiscal year. During the period, 21 corporate-owned locations were acquired, 23 were franchised, 9 were closed and 18 were added.

The chart below provides the breakdown of MTY's locations and system sales by type:

	% of location count, November 30		% of system sales Year ended November 30	
Location type	**2015**	2014	**2015**	2014
Shopping mall & food court	**41%**	38%	**44%**	40%
Street front	**40%**	40%	**44%**	50%
Non-traditional format	**19%**	22%	**12%**	10%

The geographical breakdown of MTY's locations and system sales consists of:

	% of location count, November 30		% of system sales Year ended November 30	
Geographical location	**2015**	2014	**2015**	2014
Ontario	**39%**	41%	**29%**	31%
Quebec	**30%**	31%	**36%**	35%
Western Canada	**20%**	21%	**24%**	27%
Maritimes	**3%**	3%	**2%**	2%
International	**8%**	4%	**9%**	5%

System wide sales

For the first time in MTY's history, system wide sales have exceeded the $1 billion mark, reaching $1.07 billion, up 20% over the same period a year ago. Approximately 97% of the increase was attributable to acquisitions realized in 2014 and 2015.

For the fourth quarter, system sales were $274.7 million, up 16%. All of the increase was attributable to the acquisitions realized in late 2014 and during 2015.

System wide sales include sales for corporate and franchise locations and exclude sales realized by the distribution center or by the food processing plant. During 2015, only Thai Express represented more than 10% of the company's system sales. The Company's 10 biggest concepts combined represent 68% of system sales.

Same-store sales

During the quarter ended November 30, 2015, same-stores sales decreased by 1.2% over the same period last year. For the year, the decrease is 0.5%.

The fourth quarter was marked by weakness in Western Canada and to a lesser extent in Ontario, while Quebec was positive for the year. For the 12-month period, Western Canada remained positive however, the last few months of the year indicated that the decrease in oil prices and the resulting job losses affected the sales of the restaurants in the network. The fourth quarter rebound in Quebec was driven by strong sales in Mall locations, while street locations were flat for the period. Ontario was down both in the fourth quarter and for the year, with the results being impacted by declines in two major brands.

During the quarter, 17 of MTY's concepts produced positive same-store sales growth[1], compared to 15 in the third quarter.

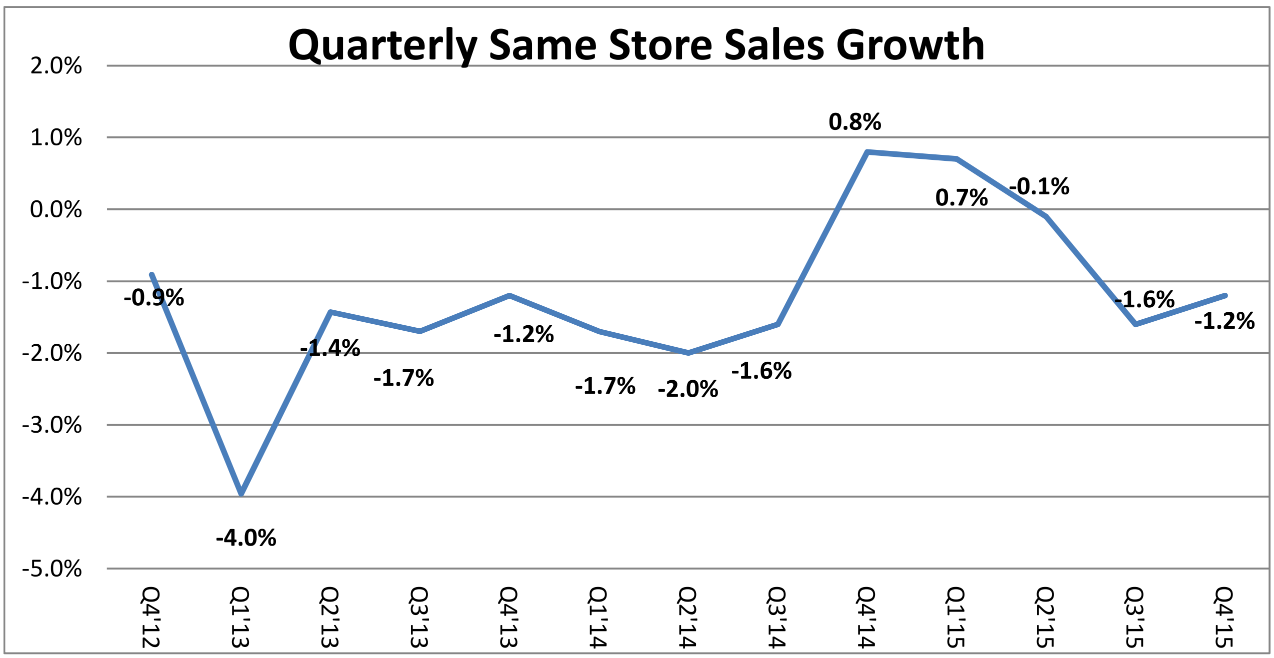
Of the top 10 brands in MTY's portfolio, 9 are included in the calculation of same store sales. On average, these 9 brands had flat same store sales for the year, and declined by 1.2% during the fourth quarter; 3 brands had positive same stores sales during the quarter (5 for the 12-month period), while 6 had negative same store sales (4 for the 12-month period).

Same store sales for those same 9 concepts ranged between -6.3% and +5.0% during the fourth quarter, and between -5.6% and +3.6% for the 2015 fiscal year.

The restaurant industry remains uncertain, as competition continues to intensify both from a price and an offering point of view. Some signs of weakness are materializing in Western Canada, with Alberta and Saskatchewan both experiencing above-average same-store sales declines resulting from job losses and reduced consumer spending.

Of all Canadian provinces, British Columbia fared the best during the fourth quarter, while Alberta, Saskatchewan and Newfoundland had the weakest performance. Once again this quarter, stores located in malls performed significantly better than other types of stores, especially in Quebec and Ontario.

The following table shows quarterly information on same-stores sales growth for the last 13 quarters:



[1] Includes only the concepts owned by MTY for more than twelve months.

Stock options

During the period, no options were granted or exercised. As at November 30, 2015 there were no options outstanding.

Seasonality

Results of operations for the interim period are not necessarily indicative of the results of operations for the full year. The Company expects that seasonality will not be a material factor in the quarterly variation of its results. System sales fluctuate seasonally. During January and February sales are historically lower than average due to weather conditions. Sales are historically above average during May to August. This is generally as a result of higher traffic in the street front locations, higher sales from seasonal locations only operating during the summer months and higher sales from shopping centre locations. Sales for shopping mall locations are also higher than average in December during the Christmas shopping period.

Contingent liabilities

The Company is involved in legal claims associated with its current business activities, the outcome of which is not determinable. Management believes that these legal claims will have no significant impact on the financial statements of the Company.

Guarantee

The Company has provided a guarantee in the form of a letter of credit for an amount of $66.

Risks and uncertainties

Despite the fact that the Company has various numbers of concepts, diversified in type of locations and geographics across Canada and the United States, the performance of the Company is also influenced by changes in demographic trends, traffic patterns, occupancy level of malls and office towers and the type, number, and location of competing restaurants. In addition, factors such as innovation, increased food costs, labour and benefits costs, occupancy costs and the availability of experienced management and hourly employees may adversely affect the Company. Changing consumer preferences and discretionary spending patterns could oblige the Company to modify or discontinue concepts and/or menus and could result in a reduction of revenue and operating income. Even if the Company was able to compete successfully with other restaurant companies with similar concepts, it may be forced to make changes in one or more of its concepts in order to respond to changes in consumer tastes or dining patterns. If the Company changes a concept, it may lose additional customers who do not prefer the new concept and menu, and it may not be able to attract a sufficient new customer base to produce the revenue needed to make the concept profitable. Similarly, the Company may have different or additional competitors for its intended customers as a result of such a concept change and may not be able to successfully compete against such competitors. The Company's success also depends on numerous factors affecting discretionary consumer spending, including economic conditions, disposable consumer income and consumer confidence. Adverse changes in these factors could reduce customer traffic or impose practical limits on pricing, either of which could reduce revenue and operating income.

The growth of MTY is dependent on maintaining the current franchise system which is subject to the renewal of existing leases at sustainable rates, MTY’s ability to continue to expand by obtaining acceptable store sites and lease terms, obtaining qualified franchisees, increasing comparable store sales and completing acquisitions. The time, energy and resources involved in the integration of the acquired businesses into the MTY system and culture could also have an impact on MTY’s results.

Off-balance sheet arrangement

MTY has no off-balance sheet arrangements.

Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of transactions between the Company and other related parties are disclosed below.

Compensation of key management personnel

The remuneration of key management personnel and directors during the period was as follows:

	Three months ended November 30, 2015	**Fiscal year ended November 30, 2015**	Three months ended November 30, 2014	Fiscal year ended November 30, 2014
	$	**$**	$	$
Short-term benefits	**204**	**842**	188	809
Board member fees	**11**	**42**	10	40
Total remuneration of key management personnel	**215**	**884**	198	849

Key management personnel is composed of the Company's CEO, COO and CFO. The remuneration of directors and key executives is determined by the Board of directors having regard to the performance of individuals and market trends.

Given its widely held share base, the Company does not have an ultimate controlling party; its most important shareholder is its CEO, who controls 26% of the outstanding shares.

The Company also pays employment benefits to individuals related to members of the key management personnel described above. Their total remuneration was as follows:

	Three months ended November 30, 2015	**Fiscal year ended November 30, 2015**	Three months ended November 30, 2014	Fiscal year ended November 30, 2014
	$	**$**	$	$
Short-term benefits	**115**	**394**	119	538
Total remuneration of individuals related to key management personnel	**115**	**394**	119	538

A corporation owned by individuals related to key management personnel has non-controlling participation in one of the Company's subsidiaries, which has no operations.

Adoption of IFRS standards

The following standards issued by the IASB were adopted by the Company on December 1, 2014.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The Company has applied the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

As the Company does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Company's consolidated financial statements.

Future accounting changes

A number of new standards, interpretations and amendments to existing standards were issued by the International Accounting Standard Board ("IASB") that are not yet effective for the period ended November 30, 2015, and have not been applied in preparing these consolidated financial statements.

The following standards may have a material impact on the consolidated financial statements of the Company:

IFRS 9 Financial Instruments	January 1, 2018	Early adoption permitted
IFRS 15 Revenue from contracts with customers	January 1, 2018	Early adoption permitted
IFRS 16 Leases	January 1, 2019	Early adoption permitted
IAS1 Presentation of financial statements	January 1, 2016	Early adoption permitted

Effective for annual periods beginning on or after:

IFRS 9 replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The IASB completed its project to replace IAS 39 in phases, adding to the standard as it completed each phase. The version of IFRS 9 issued in 2014 supersedes all previous versions; however, for a limited period, previous versions of IFRS 9 may be adopted early if not already done so provided the relevant date of initial application is before February 1, 2015. IFRS 9 does not replace the requirement for portfolio fair value hedge accounting for interest risk since this phase of the project was separated from IFRS project due to the longer term nature of the macro hedging project which is currently at the discussion paper phase of the due process Consequently, the exception in IAS 39 for fair value hedge of an interest rate exposure of a portfolio of financial assets or financial liabilities continues to apply.

IFRS 15 replaces the following standards: IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services. This new standard sets out the requirements for recognizing and disclosing revenue that apply to all contracts with customers.

On January 13, 2016, the IASB issued IFRS 16 that provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17 Leases and its associated interpretive guidance. Significant changes were made to lessee accounting with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast, IFRS 16 does not include significant changes to the requirements for lessors. IFRS 16 is effective January 1, 2019 with earlier application permitted for companies that have also adopted IFRS 15, Revenue from Contracts with Customers.

IAS 1 provides further clarification and amendments on note disclosure requirements.

The Company is in the process of determining the extent of the impact of these standards on its consolidated financial statements.

Economic environment risk

The business of the Company is dependent upon numerous aspects of a healthy general economic environment, from strong consumer spending to provide sales revenue, to available credit to finance the franchisees and the Company. In light of recent upheaval in economic, credit and capital markets, the Company's performance and market price may be adversely affected. The Company's current planning assumptions forecast that the quick service restaurant industry will be impacted by the current economic recession in the provinces in which it operates. However, management is of the opinion that the current economic situation will not have a major impact on the Company due to the following reasons: 1) the Company has strong cash flows; 2) quick service restaurants represent an affordable dining out option for consumers in an economic slowdown.

Financial instruments and financial risk exposure

In the normal course of business, the Company uses various financial instruments which by their nature involve risk, including market risk and the credit risk of non-performance by counterparties. These financial instruments are subject to normal credit standards, financial controls, risk management as well as monitoring procedures.

The classification, carrying value and fair value of financial instruments are as follows:

As at November 30, 2015

	Loans and receivables	**Other financial liabilities at amortized cost**	**Total carrying Value**	**Fair value**
	$	**$**	**$**	**$**
Financial assets				
Cash	33,417	-	33,417	33,417
Accounts receivable	18,734	-	18,734	18,734
Loans receivable	457	-	457	457
Deposits	242	-	242	242
	52,850	**-**	**52,850**	**52,850**
Financial liabilities				
Line of credit	-	6,300	6,300	6,300
Accounts payable and accrued liabilities	-	24,361	24,361	24,361
Long-term debt [1]	-	7,956	7,956	7,956
	-	**38,617**	**38,617**	**38,617**

As at November 30, 2014

	Loans and receivables	Other financial liabilities at amortized cost	Total carrying Value	Fair value
	$	$	$	$
Financial assets				
Cash	6,701	-	6,701	6,701
Accounts receivable	16,809	-	16,809	16,809
Loans receivable	686	-	686	686
Deposits	240	-	240	240
	24,436	**-**	**24,436**	**24,436**
Financial liabilities				
Line of credit	-	11,750	11,750	11,750
Accounts payable and accrued liabilities	-	14,151	14,151	14,151
Long-term debt [1]	-	10,668	10,668	10,668
	-	**36,569**	**36,569**	**36,569**

[1] Includes the current portion of long-term debt.

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is established based on market information available at the date of the consolidated statement of financial position. In the absence of an active market for a financial instrument, the Company uses the valuation methods described below to determine the fair value of the instrument. To make the assumptions required by certain valuation models, the Company relies mainly on external, readily observable market inputs. Assumptions or inputs that are not based on observable market data are used in the absence of external data. These assumptions or factors represent management's best estimates of the assumptions or factors that would be used by market participants for these instruments. The credit risk of the counterparty and the Company's own credit risk have been taken into account in estimating the fair value of all financial assets and financial liabilities, including derivatives.

The following methods and assumptions were used to estimate the fair values of each class of financial instruments:

Cash, accounts receivable, accounts payable and accrued liabilities – The carrying amounts approximate fair values due to the short maturity of these financial instruments.

Loans receivable – The loans receivable generally bear interest at market rates and therefore it is management's opinion that the carrying value approximates the fair value.

Long-term debt – The fair value of long-term debt is determined using the present value of future cash flows under current financing agreements based on the Company's current estimated borrowing rate for a similar debt.

Risk management policies

The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at November 30, 2015.

Credit risk

The Company's credit risk is primarily attributable to its trade receivables. The amounts disclosed in the consolidated statement of financial position are net of allowances for bad debts, estimated by Company's management based on prior experience and their assessment of the current economic environment. The Company believes that the credit risk of accounts receivable is limited for the following reasons:

- Other than receivables from international locations, the Company's broad client base is spread mostly across Canada limits the concentration of credit risk.

- The Company accounts for a specific bad debt provision when management considers that the expected recovery is less than the actual account receivable.

The credit risk on cash is limited because the Company invests its excess liquidity in high quality financial instruments and with credit-worthy counterparties.

The credit risk on the loans receivable is similar to that of accounts receivable. There is currently an allowance for doubtful accounts recorded for loans receivable of $11 (2014 - $9).

Foreign exchange risk

Foreign exchange risk is the Company's exposure to decreases or increases in financial instrument values caused by fluctuations in exchange rates. The Company is mainly exposed to foreign exchange risk on sales denominated in foreign currencies. The Company's foreign operations use the U.S. dollar as functional currency. The Company's exposure to foreign exchange risk stems mainly from cash, other working capital items and the financial obligations of its foreign operations.

Other than the above-mentioned foreign transactions, the Company has minimal exposure to the US$ and is subject to fluctuations as a result of exchange rate variations to the extent that transactions are made in the currency. The Company considers this risk to be relatively limited.

As of November 30, 2015, the Company carried US$ cash of CAD$1,511, net accounts receivable of CAD$874 and net accounts payable of CAD$954 (CAD$1,766, CAD$945 and CAD$836 in 2014). All other factors being equal, a reasonable possible 1% rise in foreign currency exchange rates per Canadian dollar would result in a change on profit or loss and net comprehensive income of $15 (2014 - $18) Canadian dollars.

Interest rate risk

The Company is exposed to interest rate risk with its revolving credit facility and treasury risk facility. Both facilities bear interest at a variable rate and as such the interest burden could potentially become more important. $6,300 (2014 - $11,750) of the credit facility was used as at November 30, 2015. A 100 basis points increase in the bank's prime rate would result in additional interest of $63 per annum (2014 - $118) on the outstanding credit facility. The Company limits this risk by using short-term banker's acceptance from the credit facility.

Liquidity risk

The Company actively maintains credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements at a reasonable cost.

The following are the contractual maturities of financial liabilities as at November 30, 2015:

	Carrying amount	Contractual cash flows	0 to 6 months	6 to 12 months	12 to 24 months	thereafter
	$	$	$	$	$	$
Line of credit	6,300	6,300	6,300	—	—	—
Accounts payable and accrued liabilities	24,361	24,361	24,361	—	—	—
Long-term debt	7,956	8,098	3,788	2,632	883	795
Interest on long-term debt	n/a	270	105	58	60	47
	38,617	**39,029**	**34,554**	**2,690**	**943**	**842**

Outlook

It is Management's opinion that the trend in the quick service restaurants industry will continue to grow in response to the demand from busy and on-the-go consumers.

In the very short term, management's primary focus will be on restoring positive same-store sales by generating more innovation, focusing on the quality of customer service in each of its outlets and maximizing the value offered to its customers. Management will also focus on finalizing the integration of the recently acquired brands.

The quick service restaurant industry will remain challenging in the future, and management believes that the focus on the food offering, consistency and store design will give MTY's restaurants a stronger position to face challenges. Given this difficult competitive context in which more restaurants compete for a finite amount of consumer dollars, each concept needs to preserve and improve the relevance of its offer to consumers.

Management will maintain its focus on maximizing shareholder value by adding new locations of its existing concepts and remains committed to seek potential acquisitions to increase its market share.

Controls and Procedures

Disclosure controls and procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in reports filed with the securities regulatory authorities are recorded, processed, summarized and reported in a timely fashion. The disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in such reports is then accumulated and communicated to the Company's management to ensure timely decisions regarding required disclosure. Management regularly reviews disclosure controls and procedures; however, they cannot provide an absolute level of assurance because of the inherent limitations in control systems to prevent or detect all misstatements due to error or fraud.

The Company's Chief Executive Officer and the Chief Financial Officer have concluded that the design of the disclosure controls and procedures ("DC&P") as at November 30, 2015 provide reasonable assurance that significant information relevant to the Company, including that of its subsidiaries, is reported to them during the preparation of disclosure documents.

Internal controls over financial reporting

The Chief Executive Officer and the Chief Financial Officer are responsible for establishing and maintaining internal controls over financial reporting. The Company's internal controls over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Chief Executive Officer and the Chief Financial Officer, together with Management, after evaluating the effectiveness of the Company's internal controls over financial reporting as at November 30, 2015, have concluded that the Company's internal controls over financial reporting was effective.

The Chief Executive Officer and the Chief Financial Officer, together with Management, have concluded after having conducted an evaluation and to the best of their knowledge that, as at November 30, 2015, no change in the Company's internal controls over financial reporting occurred that could have materially affected or is reasonably likely to materially affect the Company's internal controls over financial reporting.

Limitations of Controls and Procedures

Management, including the President and Chief Executive Officer and Chief Financial Officer, believes that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Limitation on scope of design

The Company's management, with the participation of its President and Chief Executive Officer and Chief Financial Officer, has limited the scope of the design of the Company's disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures and internal controls over financial reporting of the recently acquired operations of Big Smoke Burger (acquired September 18, 2015) and Manchu Wok, Wasabi Grill & Noodle and SenseAsian (acquired December 18, 2014). Excluding the goodwill created on the acquisitions, these operations respectively represent 3% and

4% of the Company's assets (2% and 3% of current assets, 3% and 4% of non-current assets); they also represent 2% and 7% of current liabilities and 11% and 8% of long-term liabilities, 1% and 10% of the Company's revenues and 0% and 12% of the Company's net earnings for the period ended November 30, 2015.

The Company's management, with the participation of its President and Chief Executive Officer and Chief Financial Officer, has limited the scope of the design of the Company's disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures and internal controls over financial reporting of certain special purpose entities ("SPEs") on which the Company has the ability to exercise *de facto* control and which have as a result been consolidated in the Company's condensed interim consolidated financial statements. For the year ended November 30, 2015, these SPEs represent 0% of the Company's current assets, 0% of its non-current assets, 0% of the Company's current liabilities, 0% of long-term liabilities, 4% of the Company's revenues and 0% of the Company's net earnings.

"*Stanley Ma*"

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Stanley Ma, Chief Executive Officer

"*Eric Lefebvre*"

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Eric Lefebvre, CPA, CA, MBA Chief Financial Officer