Management's Discussion and Analysis
For the fiscal year ended November 30, 2018

General

This Management's Discussion and Analysis of the financial position and financial performance ("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, 2018.

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, 2017.

This MD&A was prepared as of February 14, 2019. 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 2018. 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 as at February 14, 2019 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 14, 2019. 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 information on contingent liabilities and contingent assets 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; volatility in foreign exchange rates or borrowing rates; foodborne illness; 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 14, 2019. The financial impact of these transactions and non-recurring and other special items can be complex and depend 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 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. Same store sales growth provides information on the comparative performance of the restaurants in our network from one period to the next.

Similarly, the Company uses system sales to evaluate the size and performance of MTY's network, as well as to indicate its income-generation potential. System sales include the sales of existing restaurants, of the ones that have closed or have opened during the period, as well as the sales of new concepts acquired from the closing date of the transaction and forward.

These measures are widely accepted financial indicators but are not a measurement determined in accordance with IFRS and may not be comparable to those presented by other companies. These non-IFRS 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 IFRS.

The Company uses these measures to evaluate the performance of the business as they reflect its ongoing operations. Management believes 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 and

system sales provide additional information to investors about the performance of the network that is not available under IFRS. Both measures are components in the determination of short-term incentive compensation for some employees.

Highlights of significant events during the fiscal year

Acquisition of the limited liability interests in CB (Custom Burger) Franchise Systems LLC and Built Franchise Systems LLC

On December 1, 2017, the Company announced that it had completed the acquisition of the limited liability company interests in CB (Custom Burger) Franchise Systems LLC and Built Franchise Systems LLC. The purchase price was $30.0 million (US$ 23.5 million) of which $28.3 million (US$ 22.2 million) was paid at closing. At closing 41 franchised and 3 corporately owned restaurants were in operation.

Completion of combination agreement with Imvescor

On March 1, 2018, the Company, through the merger of a wholly owned subsidiary with Imvescor Restaurant Group Inc. ("IRG"), acquired all the outstanding shares of IRG. The total consideration for the transaction was $250.8 million, of which $53.1 million was settled in cash and the remaining in shares. At closing IRG operated 5 brands in Canada and had 261 locations in operation.

Acquisition of the assets of Grabbagreen®

On March 15, 2018, one of the Company's wholly owned subsidiaries acquired the assets of Grabbagreen®. The total consideration amounted to $3.4 million (US$ 2.6 million), of which $3.1 million (US$ 2.4 million) was paid on closing. At closing, there were 27 locations in operation in the United States.

Acquisition of the assets of Timothy's World Coffee® and Mmmuffins®

On April 4, 2018, one of the Company's wholly owned subsidiaries acquired the assets of Timothy's World Coffee® and Mmmuffins®. The total consideration amounted to $1.3 million, of which $1.2 million was paid on closing. At closing, there were 39 locations in operation in Canada.

Acquisition of non-controlling interest in Madison's

On September 7, 2018, the Company acquired the remaining 10% non-controlling interest of 8825726 Canada Inc. (Madison's) for a cash consideration of $1.1 million.

Acquisition of the SweetFrog Premium Frozen Yogurt Franchise

On September 25, 2018, the Company announced that it had completed the acquisition of substantially all of the assets of SweetFrog Premium Frozen Yogurt for $41.5 million (US$ 32.1 million). Of this total, $37.4 million (US$ 28.9 million) was paid on closing. At closing, there were 323 franchised/licensed locations in the US and 8 located internationally.

Core business

MTY franchises and operates quick service and casual dining restaurants under the following banners: Tiki-Ming, Sukiyaki, La Crémière, Au Vieux Duluth Express, Panini Pizza Pasta, Villa Madina, Cultures, Thaï Express, Vanellis, Kim Chi, "TCBY", 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, Tosto, Big Smoke Burger, Cold Stone Creamery, Blimpie, Surf City Squeeze, The Great Steak & Potato Company, NrGize Lifestyle Café, Samurai Sam's Teriyaki Grill, Frullati Café & Bakery, Rollerz, Johnnie`s New York Pizzeria, Ranch One, America's Taco Shop, Cereality, Tasti D-Lite, Planet Smoothie, Maui Wowi, Pinkberry, Baja Fresh Mexican Grill, La Salsa Fresh Mexican Grill, La Diperie, Steak Frites St-Paul, Giorgio Ristorante, The Works Gourmet Burger Bistro, Houston Avenue Bar & Grill and Industria Pizzeria + Bar, Dagwoods Sandwiches and Salads, The Counter Custom Burgers, Built Custom Burgers, Baton Rouge, Pizza Delight, Scores, Toujours Mikes, Ben & Florentine, Grabbagreen, Timothy's World Coffee, Mmmuffins and SweetFrog.

As at November 30, 2018, MTY had 5,984 locations in operation, of which 5,919 were franchised or under operator agreements and the remaining 65 locations were operated by MTY.

MTY's locations can be found in: i) mall and office tower food courts and shopping malls; ii) street front; and, iii) non-traditional format within airports, petroleum retailers, convenience stores, cinemas, amusement parks, in other venues or retailers shared sites, hospitals, universities and food-truck carts. The street front locations are mostly made up of the Country Style, La Crémière, Sushi Shop, Taco Time, Tutti Frutti, Valentine, Mr. Sub, ThaïZone, Extreme Pita, Mucho Burrito, Madisons, Houston Avenue Bar & Grill, Industria Pizzeria + Bar, Steak Frites St-Paul, Giorgio Ristorante, The Works Gourmet Burger Bistro, Blimpie, Cold Stone Creamery, Baja Fresh Mexican Grill, The Counter Custom Burgers, Built Custom Burgers, Baton Rouge, Scores, Pizza Delight, Toujours Mikes, Ben & Florentine and Grabbagreen. La Crémière, "TCBY", La Diperie and SweetFrog operate primarily from April to September and the other banners generally 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[1]	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
ThaïZone	September 2013 March 2015	80% + 20%	25 and 3 mobile restaurants	—
Madisons	July 2014 September 2018	90% + 10%	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

[1] The Yogen Früz™ exclusive master franchise rights in Canada were disposed of on February 1st, 2017.

Brand	Acquisition year	% ownership	# of franchised locations	# of corporate locations
Manchu Wok, Wasabi Grill & Noodle and SenseAsian	December 2014	100%	115	17
Big Smoke Burger	September 2015 September 2016	60% + 40%	13	4
Kahala Brands Ltd - Cold Stone Creamery, Blimpie, Taco Time, Surf City Squeeze, The Great Steak & Potato Company, NrGize Lifestyle Café, Samurai Sam's Teriyaki Grill, Frullati Café & Bakery, Rollerz, Johnnie`s New York Pizzeria, Ranch One, America's Taco Shop, Cereality, Tasti D-Lite, Planet Smoothie, Maui Wowi and Pinkberry	July 2016	100%	2,839	40
BF Acquisition Holdings, LLC – Baja Fresh Mexican Grill and La Salsa Fresh Mexican Grill	October 2016	100%	167	16
La Diperie	December 2016	60%	5	—
Steak Frites St-Paul and Giorgio Ristorante	May 2017 September 2018	83.25% + 9.25%	15	—
The Works Gourmet Burger Bistro	June 2017	100%	23	4
Houston Avenue Bar & Grill and Industria Pizzeria + Bar	June 2017	80%	12	—
Dagwoods Sandwiches and Salads	September 2017	100%	20	2
The Counter Custom Burgers	December 2017	100%	36	3
Built Custom Burgers	December 2017	100%	5	—
Imvescor Restaurant Group - Baton Rouge, Pizza Delight, Scores, Toujours Mikes, and Ben & Florentine	March 2018	100%	253	8
Grabbagreen	March 2018	100%	26	1
Timothy's World Coffee and Mmmuffins - perpetual franchising license	April 2018	100%	32	7
SweetFrog Premium Frozen Yogurt	September 2018	100%	331	—

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 turnkey projects, rent, sign rental, supplier contributions, gift card breakage and program fees and sales of other goods and services, including those generated by products sold at various retailers and by the distribution centre that serves the Valentine franchisees. 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 turnkey projects, rent, supplies, finished products and equipment sold.

Revenues from corporate-owned locations include sales generated from corporate-owned locations. 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 prepared food sold in retail stores. The plant generates most of its revenues selling its products to distributors and retailers.

Description of recent acquisitions

On September 25, 2018, the Company announced that it had completed the acquisition of substantially all of the assets of SweetFrog Premium Frozen Yogurt for $41.5 million (US$ 32.1 million). Of this total, $37.4 million (US$ 28.9 million) was paid on closing. At closing, there were 323 franchised/licensed locations in the US and 8 located internationally.

On September 7, 2018, the Company acquired the remaining 10% non-controlling interest of 8825726 Canada Inc. (Madison's) for a cash consideration of $1.1 million.

On April 4, 2018, one of the Company's wholly owned subsidiaries acquired the assets of Timothy's World Coffee® and Mmmuffins®. The total consideration amounted to $1.3 million, of which $1.2 million was paid on closing. At closing, there were 39 locations in operation in Canada.

On March 15, 2018, one of the Company's wholly owned subsidiaries acquired the assets of Grabbagreen®. The total consideration amounted to $3.4 million (US$ 2.6 million), of which $3.1 million (US$2.4 million) was paid on closing. At closing, there were 27 locations in operation in the United States.

On March 1, 2018, the Company, through the merger of a wholly owned subsidiary with Imvescor Restaurant Group Inc. ("IRG"), acquired all the outstanding shares of IRG. The total consideration for the transaction was $250.8 million, of which $53.1 million was settled in cash and the remaining in shares. At closing IRG operated 5 brands in Canada and had 261 locations in operation.

On December 1, 2017, the Company announced that it had completed the acquisition of the limited liability company interests in CB Franchise Systems LLC and Built Franchise Systems LLC. The purchase price was $30.0 million (US$ 23.5 million) of which $28.3 million (US$ 22.2 million) was settled in cash. At closing 41 franchised and 3 corporately owned restaurants were in operation. The network has locations in the United States of America, Canada, Ghana, Ireland, Japan, Mexico, Saudi Arabia and the United Kingdom.

On September 29, 2017, the Company announced it had completed the acquisition of the assets of Dagwoods Sandwiches and Salads. The purchase price was $3.0 million of which $2.6 million was settled in cash. At closing, there were 22 locations in operation, all of them located in Canada.

On June 16, 2017, the Company announced it had completed through its 80% controlling interest in a subsidiary the acquisition of the assets of Houston Avenue Bar & Grill ("Houston") and Industria Pizzeria + Bar ("Industria"). The Company's share of the purchase consideration was $16.8 million of which $12.8 million was settled in cash. At closing 9 Houston and 3 Industria were in operation. All locations are located in Canada.

On June 9, 2017, the Company announced it had completed the acquisition of the assets of The Works Gourmet Burger Bistro. The purchase price was $8.2 million of which $7.1 million was settled in cash. At closing, there were 27 locations in operation, all of them located in Canada.

On May 8, 2017, the Company announced that it had completed the acquisition of the assets of Steak Frites St-Paul and Giorgio Ristorante for an amount of $0.4 million, of which $0.3 million was paid from cash on hand. At closing, 6 Giorgio Ristorante and 9 Steak Frites were in operation. All locations are located in Canada.

On April 19, 2017, the Company acquired the remaining non-controlling shareholder interest in 7687567 Canada Inc. (Lucky 8) for a non-material cash consideration.

On December 9, 2016, the Company announced that it had completed through its 60% controlling interest in a subsidiary the acquisition of the assets of La Diperie. The Company's share of the purchase consideration amounted to $0.9 million, satisfied by the payment of $0.8 million cash. At closing, La Diperie operated 5 stores in Canada.

Selected annual information

(in thousands $, except EPS, dividend per common share and number of common shares)	**Year ended November 30, 2018**	**Year ended November 30, 2017** *As adjusted (1)*	**Year ended November 30, 2016**
Total assets	1,230,307	855,013	852,650
Total long-term liabilities	388,369	342,444	359,512
Operating revenue	353,303	276,083	191,275
EBITDA(2)	127,743	93,726	65,841
Income before income taxes	82,900	62,664	68,686
Income before taxes, excluding impairment charges and reversals	88,431	63,664	68,686
Net income attributable to owners	98,580	49,507	54,421
Total comprehensive income attributable to owners	112,308	33,747	57,147
EPS basic	4.07	2.32	2.73
EPS diluted	4.06	2.32	2.73
Dividends paid on common stock	14,530	9,832	9,314
Dividends per common share	$0.60	$0.46	$0.46
Weighted daily average number of common shares	24,228,206	21,374,497	19,908,827
Weighted average number of diluted common shares	24,272,650	21,374,497	19,908,827

(1) Total assets and total liabilities have been adjusted to reflect a change to the Houston Bar & Grill and Industria Pizzeria + Bar preliminary purchase price calculation. The purchase price calculation has now been finalized. For more information, see note 6 IX to the November 30, 2018 consolidated financial statements

(2) 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 12.

Summary of quarterly financial information

(in thousands $, except EPS)	Quarters ended							
	February 2017	**May 2017**	**August 2017**	**November 2017**	**February 2018**	**May 2018**	**August 2018**	**November 2018**
Revenue	$64,016	$69,962	$72,372	$69,733	$63,715	$89,829	$91,236	$108,523
EBITDA[(1)]	$16,336	$24,595	$25,576	$27,219	$19,912	$35,506	$39,578	$32,747
Net income attributable to owners	$2,015	$16,033	$12,035	$19,424	$45,332	$18,040	$22,275	$12,933
Total comprehensive income (loss) attributable to owners	($1,192)	$20,145	($14,344)	$29,138	$43,852	$22,260	$25,547	$20,649
Earnings per share	$0.09	$0.75	$0.56	$0.91	$2.12	$0.72	$0.89	$0.34
Earnings per diluted share	$0.09	$0.75	$0.56	$0.91	$2.12	$0.72	$0.88	$0.34

(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 12.

Segment note disclosure

Management monitors and evaluates results of the Company based on geographical segments; these two segments being Canadian and United States of America/ International. The Company and its chief operating decision maker assess the performance of each operating segment based on its segment profitability.

Results of operations for the fiscal year ended November 30, 2018

Revenue

During the 2018 fiscal year, the Company's total revenue increased to $353.3 million, from $276.1 million a year earlier. Revenues for the two segments of business are broken down as follows:

Segment	**Subdivision**	**November 30, 2018 ($ millions)**	**November 30, 2017 ($ millions)**	**Variation**
Canada	Franchise operation	169.1	107.9	57%
	Corporate stores	34.8	23.4	49%
	Food processing	15.6	14.7	6%
	Intercompany transactions	(4.2)	(4.1)	N/A
Total Canada		215.3	141.9	52%
USA & International	Franchise operation	113.4	107.7	5%
	Corporate stores	24.9	26.8	(7%)
	Intercompany transactions	(0.3)	(0.3)	N/A
Total USA/International		138.0	134.2	3%
Total operating revenues		**353.3**	**276.1**	**28%**

Canada revenue analysis:

As is shown in the table above, revenue from franchise locations in Canada increased by 57%. Several factors contributed to the variation, as listed below:

	$ millions
Revenues, 2017 fiscal year	107.9
Increase in recurring revenue streams	6.7
Increase in initial franchise fees, renewal fees and transfer fees	0.1
Decrease in turnkey, sales of material to franchisees and rent revenues	(2.0)
Increase due to the acquisitions	58.1
2017 one-time contract termination settlement	(1.9)
Other non-material variations	0.2
Revenues, 2018 fiscal year	169.1

Revenue from corporate-owned locations increased by 49% to $34.8 million during the period. The increase is mainly due to sales from the four corporate The Works Gourmet Burger Bistro locations acquired in the second quarter of 2017 and the 8 corporate Imvescor Restaurant Group restaurants acquired at the beginning of the second quarter.

Food processing revenues increased by 6% during 2018, mainly due to increased volumes of certain existing products as well as to the continuous addition of new product lines.

USA/International revenue analysis:

As is shown in the table in the previous page, revenue from franchise locations in the US increased by 5%. Several factors contributed to the variation, as listed below:

	$ millions
Revenues, 2017 fiscal year	107.7
Decrease in recurring revenue streams	(0.8)
Increase in initial franchise fees, renewal fees and transfer fees	0.8
Decrease due to the sale of material and services to franchisees	(0.9)
Decrease due to gift card breakage income	(0.4)
Increase due to acquisitions	7.4
Impact of variation in foreign exchange rates	0.1
Other non-material differences	(0.5)
Revenues, 2018 fiscal year	113.4

Revenue from corporate-owned locations decreased by 7%, to $24.9 million during the year due to a decrease in the number of corporate locations.

Cost of sales and other operating expenses
During the 2018 fiscal year operating expenses increased by 24% to $225.6 million, up from $182.4 million a year ago. Operating expenses for the two business segments were incurred as follows:

Segment	Subdivision	November 30, 2018 ($ millions)	November 30, 2017 ($ millions)	Variation
Canada	Franchise operation	88.1	53.0	66%
	Corporate stores	35.4	23.2	53%
	Food processing	14.1	13.3	6%
	Intercompany transactions	(2.9)	(2.9)	N/A
Total Canada		134.7	86.6	55%
USA & International	Franchise operation	63.4	66.3	(4%)
	Corporate stores	29.1	31.0	(6%)
	Intercompany transactions	(1.6)	(1.5)	N/A
Total USA/International		90.9	95.8	(5%)
Total cost of sales and other operating expenses		**225.6**	**182.4**	**24%**

Canada cost of sales and other operating expenses analysis:

Expenses from franchise operations increased by $35.1 million or 66% when compared to fiscal year 2017. Excluding the impact from the acquisition of Imvescor Group, expenses from franchise operations decreased slightly compared to 2017. A decrease in lease termination costs and rent and a decrease in the number of turnkey projects which fluctuated in line with the associated revenues were partially offset by an increase in the wages and benefits resulting from acquisitions realized in 2017 and 2018 and in professional fees. During the year, the Company incurred approximately $1.7 million in non-recurring incremental costs related to the acquisition of Imvescor Restaurant Group Inc., which closed on March 1, 2018.

The variation of expenses from the corporate stores and food processing activities were both tightly correlated to the related revenues.

USA/International cost of sales and other operating expenses analysis:

During the 2018 fiscal year, the Company's expenses from US franchise operations decreased by $2.9 million or 4% when compared to the same period last year. The decrease predominantly results from a decrease in professional fees, rent and resale material expenses. The decrease was partially offset by an increase in wages and benefits.

Corporate stores costs decreased 6% for the year compared to the same period last year. The variation of expenses from the corporate stores was correlated to the related revenues.

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

Fiscal year ended November 30, 2018			
(In millions $)	Canada	USA & International	Total
Revenues	215.3	138.0	353.3
Expenses	134.7	90.9	225.6
EBITDA[1]	80.6	47.1	127.7
EBITDA as a % of Revenue	37%	34%	36%

Fiscal year ended November 30, 2017			
(In millions $)	Canada	USA & International	Total
Revenues	141.9	134.2	276.1
Expenses	86.6	95.8	182.4
EBITDA[(1)]	55.3	38.4	93.7
EBITDA as a % of Revenue	39%	29%	34%

[(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 12.

Below is a summary of performance segmented by product/service:

Fiscal year ended November 30, 2018

(In millions $)	Franchise	Corporate	Processing	Intercompany transactions	Total
Revenues	282.5	59.7	15.6	(4.5)	353.3
Expenses	151.5	64.5	14.1	(4.5)	225.6
EBITDA[1]	131.0	(4.8)	1.5	—	127.7
EBITDA as a % of Revenue	46%	N/A	10%	N/A	36%

Fiscal year ended November 30, 2017

(In millions $)	Franchise	Corporate	Processing	Intercompany transactions	Total
Revenues	215.6	50.2	14.7	(4.4)	276.1
Expenses	119.3	54.2	13.3	(4.4)	182.4
EBITDA[1]	96.3	(4.0)	1.4	—	93.7
EBITDA as a % of Revenue	45%	N/A	10%	N/A	34%

[(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 12.

Total EBITDA for the year ended November 30, 2018 was $127.7 million, an increase of 36% compared to the same period last year. Canada contributed 63% of total EBITDA and 74% of the total increase in EBITDA, mainly owing to the acquisitions realized in 2017 and 2018. The acquisition of Imvescor Restaurant Group, which contributed $20.1 million since the closing of the transaction on March 1st, 2018, was the largest contributor.

The USA & International EBITDA grew by 23% mainly as a result of the acquisitions during the year. Foreign exchange fluctuations had minimal impact year over year.

Net income

For the year ended November 30, 2018, net income attributable to owners increased to $98.6 million or $4.07 per share ($4.06 per diluted share) compared to $49.5 million or $2.32 per share ($2.32 per diluted share) for the same period last year.

The results were impacted favorably by an adjustment in the prospective income tax rate for the United States used to calculate the deferred income taxes. Excluding the impact of this non-recurring adjustment, net income attributable to owners would have been $63.1 million, or $2.60 per share ($2.60 per diluted share).

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

(in thousands $)	Year ended November 30, 2018	Year ended November 30, 2017
Income before taxes	82,900	62,664
Depreciation – property, plant and equipment	2,755	2,724
Amortization – intangible assets	24,749	20,178
Interest on long-term debt	11,717	10,314
Impairment on property, plant and equipment and intangible assets	5,531	1,000
Unrealized and realized foreign exchange gain	(11)	(2,004)
Interest income	(649)	(439)
Gain on disposal of property, plant and equipment and intangible assets	(710)	(1,120)
Loss on revaluation of financial liabilities recorded at fair value through profit and loss	1,461	409
EBITDA	**127,743**	**93,726**

Other income and charges
Amortization of intangible assets increased as a result of the 2018 acquisitions and the intangibles added as part of the purchase price.

Unrealized and realized foreign exchange gains decreased compared to prior year as 2017 saw higher fluctuations in foreign exchange rates when compared to 2018. 2018 stayed relatively constant year over year with only 1% average decrease in the rate.

During the year, as the result of a decline in their financial performance, the Company carried out a review of the recoverable amounts of the capital assets related to certain corporate stores and of intangibles related to multiple concepts. The review led to the recognition of a non-cash impairment loss of $5.5 million composed of $2.0 million in leasehold improvements and equipment and $5.8 million in franchise rights and trademarks offset by an impairment reversal of $2.3 million. The reversal of $2.3 million relates to a 2014 impairment taken on Country Style which has shown favourable performance in the last few years as a result of increases in the number of non-traditional locations opened.

Results of operations for the three-month period ended November 30, 2018

Revenue
During the fourth quarter of the 2018 fiscal year, the Company's total revenue increased by 56% to reach $108.5 million. Revenues for the two segments of business are broken down as follows:

Segment	Subdivision	November 30, 2018 ($ millions)	November 30, 2017 ($ millions)	Variation
Canada	Franchise operation	65.1	31.3	108%
	Corporate stores	9.5	6.2	52%
	Food processing	4.4	4.2	3%
	Intercompany transactions	(2.3)	(2.1)	N/A
Total Canada		76.7	39.6	93%
USA & International	Franchise operation	27.6	25.3	9%
	Corporate stores	4.3	4.9	(12%)
	Intercompany transactions	(0.1)	(0.1)	N/A
Total USA/International		31.8	30.1	6%
Total operating revenues		**108.5**	**69.7**	**56%**

Canada revenue analysis:

As is shown in the table on the previous page, revenue from franchise locations in Canada increased by 108% compared to prior year. Several factors contributed to the variation, as listed below:

	$ millions
Revenues, fourth quarter of 2017	31.3
Increase in recurring revenue steams	0.5
Increase in sales of material to franchisees and rent revenues	0.3
Increase due to the acquisitions	35.1
2017 one-time contract termination settlement	(1.9)
Other non-material variations	(0.2)
Revenues, fourth quarter of 2018	65.1

Revenue from corporate-owned locations increased by 52%, to $9.5 million during the three-month period. The increase is mainly due to sales from the 8 corporate Imvescor Restaurant Group restaurants acquired at the beginning of the second quarter of 2018.

USA/International revenue analysis:

As is shown in the table on the previous page, revenue from franchise locations in the US increased by 9%. Several factors contributed to the variation, as listed below:

	$ millions
Revenues, fourth quarter of 2017	25.3
Increase in recurring revenue streams	0.5
Increase in initial franchise fees, renewal fees and transfer fees	2.3
Decrease in sales of material and services to franchisees	(0.9)
Decrease due to gift card breakage income	(3.5)
Increase due to acquisitions	2.4
Impact of variation in foreign exchange rates	1.9
Other non-material differences	(0.4)
Revenues, fourth quarter of 2018	27.6

Revenue from corporate-owned locations decreased by 12%, to $4.3 million, mainly due to a decrease in the number of corporate restaurants.

Cost of sales and other operating expenses

During the fourth quarter of 2018, operating expenses increased by 79%. Operating expenses for the two business segments were incurred as follows:

Segment	Subdivision	November 30, 2018 ($ millions)	November 30, 2017 ($ millions)	Variation
Canada	Franchise operation	40.7	12.4	227%
	Corporate stores	9.9	5.8	70%
	Food processing	4.0	3.6	9%
	Intercompany transactions	(0.8)	(0.6)	N/A
Total Canada		53.8	21.2	153%
USA & International	Franchise operation	18.3	17.0	8%
	Corporate stores	5.3	5.9	(10%)
	Intercompany transactions	(1.6)	(1.6)	N/A
Total USA/International		22.0	21.3	4%
Total cost of sales and other operating expenses		**75.8**	**42.5**	**79%**

Canada cost of sales and other operating expenses analysis:

Expenses from franchise operations increased by $28.3 million or 227% when compared to the same period in 2017. Excluding the impact from the acquisition of Imvescor Restaurant Group, expenses from franchise operations would have increased by $2.1 million. An increase in rent and lease termination costs as well as wages and benefits was offset by a decrease in consulting and professional fees.

Expenses from corporate stores and the food processing segment fluctuated mostly as a function of factors explained in the Revenue section above.

USA/International cost of sales and other operating expenses analysis:

During the fourth quarter, the Company's expenses from US franchise operations increased by $1.3 million or 8%. Expenses were impacted unfavourably by variations in foreign exchange rates between the two periods.

Corporate stores costs decrease by 10% for the fourth quarter when compared to the same period last year. The variation of expenses from the corporate stores was correlated to the related revenues.

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

	Three months ended November 30, 2018		
(In millions $)	Canada	USA & International	Total
Revenues	76.7	31.8	108.5
Expenses	53.8	22.0	75.8
EBITDA[(1)]	22.9	9.8	32.7
EBITDA as a % of Revenue	30%	31%	30%

	Three months ended November 30, 2017		
(In millions $)	Canada	USA & International	Total
Revenues	39.6	30.1	69.7
Expenses	21.2	21.3	42.5
EBITDA[(1)]	18.4	8.8	27.2
EBITDA as a % of Revenue	46%	29%	39%

Below is a summary of performance segmented by product/service:

	Three months ended November 30, 2018				
(In millions $)	Franchise	Corporate	Processing	Intercompany transactions	Total
Revenues	92.7	13.8	4.4	(2.4)	108.5
Expenses	59.0	15.2	4.0	(2.4)	75.8
EBITDA[(1)]	33.7	(1.4)	0.4	—	32.7
EBITDA as a % of Revenue	36%	N/A	9%	N/A	30%

	Three months ended November 30, 2017				
(In millions $)	Franchise	Corporate	Processing	Intercompany transactions	Total
Revenues	56.6	11.1	4.2	(2.2)	69.7
Expenses	29.4	11.7	3.6	(2.2)	42.5
EBITDA[(1)]	27.2	(0.6)	0.6	—	27.2
EBITDA as a % of Revenue	48%	N/A	14%	N/A	39%

[(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 16

Total EBITDA for the three-month period ended November 30, 2018 was $32.7 million, an increase of $5.5 million compared to the same period last year. Canadian operations contributed to 82% while USA operations contributed to the remaining 18% increase.

In Canada, EBITDA for the fourth quarter of 2018 increased by $4.5 million compared to the same period last year mostly due to the acquisitions in the second half of 2017 and during 2018. The main contributor was the acquisition of Imvescor Restaurant Group at the beginning of the second quarter, which generated $6.5 million in EBITDA. Excluding Imvescor Restaurant Group, Canadian EBITDA decreased due to a one-time contract termination settlement in 2017 as well as an increase in 2018 wages.

Net income

For the three-month period ended November 30, 2018, net income attributable to owners decreased by $6.5 million, to $12.9 million or $0.34 per share ($0.34 per diluted share) compared to $19.4 million or $0.91 per share ($0.91 per diluted share) for the same period last year. The decrease is due to an impairment charge increase of $3.0 million pre-tax ($2.3 million after tax) compared to the same period last year, a $3.4 million pre-tax ($2.6 million after tax) 2017 gift card revenue catch-up adjustment as well as a $1.9 million pre-tax ($1.4 million after tax) one-time 2017 contract termination settlement offset by the increase in EBITDA from the 2018 acquisitions.

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

(in thousands of dollars)	**Period ended November 30, 2018**	**Period ended November 30, 2017**
Income before taxes	18,596	19,132
Depreciation – property, plant and equipment	699	576
Amortization – intangible assets	6,601	3,386
Interest on long-term debt	2,955	2,470
Impairment charge on property, plant and equipment and intangible assets	4,016	1,000
Unrealized and realized foreign exchange loss	16	360
Interest income	(156)	(66)
Gain on disposal of property, plant and equipment and intangible assets	(212)	(48)
Loss on revaluation of financial liabilities recorded at fair value	232	409
EBITDA	**32,747**	**27,219**

Other income and charges

Interest on long-term debt increased to $3.0 million from $2.5 million during the three-month period as a result of the interest on the credit facilities, from which the company has drawn additional funds since the fourth quarter of 2017.

Depreciation and amortization both increased significantly due to recent acquisitions, most notably that of Imvescor Restaurant Group which resulted in an increase in capital assets and amortizable franchise rights.

During the fourth quarter, as the result of a decline in their financial performance, the Company carried out a review of the recoverable amounts of the capital assets related to certain corporate stores and of intangibles related to multiple concepts. The review led to the recognition of a non-cash impairment loss of $4.0 million composed of $0.5 million in leasehold improvements and equipment and $3.5 million in franchise rights and trademarks.

Income taxes
The provision for income taxes as a percentage of income before taxes has increased significantly during the quarter compared to the same period last year. The increase mainly stems from a change in deferred income tax rates and adjustments made in 2017.

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 2019	8,893	10,379	19,272
12 months ending November 2020	4,326	9,472	13,798
12 months ending November 2021	260,453	8,708	269,161
12 months ending November 2022	4,781	8,001	12,782
12 months ending November 2023	8	5,922	5,930
Balance of commitments due after 2023	22	21,501	21,523
	278,483	**63,983**	**342,466**

(1) Amounts shown represent the total amount payable at maturity and are therefore undiscounted. For total commitments, please refer to the November 30, 2018 consolidated financial statements.

Long-term debt includes interest-bearing loans related to acquisitions, promissory notes, minority put options, non-interest-bearing holdbacks on acquisitions and non-interest-bearing contract cancellation fees.

Liquidity and capital resources

As of November 30, 2018, the amount held in cash totaled $32.3 million, a decrease of $24.2 million since the end of the 2017 fiscal period. The decrease is primarily explained by considerations paid for acquisitions from cash on hand, as well as debt repayments.

During the 2018 fiscal year, the Company paid $14.5 million in dividends to its shareholders. This had no significant impact on the cash position of the Company as a result of strong cash flows generated by operations.

During the year, cash flows generated by operating activities were $97.6 million, compared to $93.5 million in 2017. Excluding the variation in non-cash working capital items, income taxes and interest paid, operations generated $129.0 million in cash flows, compared to $96.6 million in 2017, which represents an increase of 34% year over year. The increase is mostly due to the increase in EBITDA detailed above.

The revolving credit facility has an authorized amount of $500,000 (November 30, 2017 - $305,000), of which $256,143 was drawn at November 30, 2018 (November 30, 2017 - $210,522).

The facility has the following financial covenants:

- The Debt to EBITDA ratio must be less than 3.00:1.00.
- The interest and rent coverage ratio must be at 2.00:1.00 at all times.

The credit agreement also contains various limitations on distributions and on the usage of the proceeds from the disposal of assets which are not expected to impact the Company during the term of the credit agreement.

The revolving facility is repayable without penalty with the balance due on the date of maturity July 21, 2021.

At quarter end, the Company was in compliance with the covenants of the credit agreement.

Financial position

Accounts receivable at the end of the year were $49.2 million, compared to $34.2 million at the end of the 2017 fiscal period. The increase is entirely attributable to the acquisition of IRG.

Intangible assets grew by $226.7 million. The increase is due to the acquisition of The Counter and Built Custom Burgers, Imvescor Restaurant Group, Grabbagreen and Timothy's World Coffee and Mmmuffins during the year. The increase was also caused by the impact of foreign exchange variations. This was offset by the amortization expense recorded during the year.

Accounts payable and accrued liabilities increased to $68.7 million as at November 30, 2018, from $57.6 million as at November 30, 2017. The full amount of the $11.1 million increase is due to the acquisition of Imvescor and was partially offset by a decrease in the other entities due to the timing of cash payments from suppliers.

Provisions, which are composed of litigation and dispute, closed store and gift card provisions, increased to $90.0 million as at November 30, 2018 from $75.3 million as at November 30, 2017. The increase is mainly due to the gift card liability from the acquisition of Imvescor Restaurant Group and an increase in the gift card liability.

Long-term debt increased by $47.8 million. The increase is attributable to the additional funds required for the acquisition of Imvescor Restaurant Group Inc. and SweetFrog and to the holdbacks payable in relation to the acquisitions of The Counter and Built Custom Burgers, Grabbagreen, Timothy's World Coffee and Mmmuffins and SweetFrog.

Deferred income tax balances were remeasured during the first quarter of 2018 using the new U.S statutory federal income tax rate, which decreased from 35% to 21%. This resulted in a decrease of the Company's net liability by $35.5 million. This net tax benefit is estimated based on the initial analysis of the "U.S. Tax Cuts and Job Act", and given the complexity of this act, this estimate is subject to adjustment when further guidance becomes available.

Further details on the above statement of financial position items can be found in the notes to the November 30, 2018 consolidated financial statements.

Capital stock

During the 2018 fiscal year the Company issued 3,795,281 shares in connection with the acquisition of Imvescor Restaurant Group. The Company did not redeem any shares. As at February 14, 2019, the Company had 25,169,778 shares 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	
	November 30, 2018	November 30, 2017
Franchises, beginning of the period	**5,402**	5,599
Corporate owned, beginning of period		
Canada	**29**	31
United States	**38**	51
Total, beginning of the period	**5,469**	5,681
Opened during the period	**269**	260
Closed during the period	**(456)**	(454)
Acquired during the period	**702**	81
Reduction due to sale of Yogen Früz	**—**	(99)
Total, end of the period	**5,984**	5,469
Franchises, end of the period	**5,919**	5,402
Corporate owned, end of the period		
Canada	**42**	29
United States	**23**	38
Total, end of the period	**5,984**	5,469

During 2018, the Company completed the following acquisitions:

Concept	Number of restaurants as at the date of the acquisition
The Counter and Built Custom Burger	44
Imvescor Restaurant Group	261
Grabbagreen	27
Timothy's and Mmmuffins	39
SweetFrog	331
Total number of restaurants acquired	**702**

Excluding the acquisitions mentioned above, the Company's network opened 269 locations (119 in Canada, 98 in the United States and 52 International) and closed 425 location (185 in Canada, 200 in the United States and 40 International) during 2018.

The net reduction of 187 (91 in the first quarter, 15 in the second quarter, 44 in the third quarter and 37 in the fourth quarter) results from a multitude of factors, which include landlords redeveloping their properties, competitive pressures, leases expiring, and closure of underperforming stores.

The Frozen Treats and Sandwiches and Coffee categories contributed the largest part of the decline on a year-to-date basis; during the fourth quarter, the Sandwiches and Coffee category remained the most challenging with a net reduction of 34 while the Frozen Treats category had a negative 5 locations.

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

Location type	% of location count		% of system sales year ended	
	November 30		**November 30**	
	2018	2017	**2018**	2017
Shopping mall & office tower food courts	**21%**	23%	**22%**	27%
Street front	**56%**	48%	**63%**	57%
Non-traditional format	**23%**	29%	**15%**	16%

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

Geographical location	% of location count		% of system sales year ended	
	November 30		**November 30**	
	2018	2017	**2018**	2017
Ontario	**15%**	17%	**14%**	14%
Quebec & Eastern Canada	**19%**	17%	**28%**	19%
Western Canada	**10%**	10%	**9%**	11%
California	**8%**	8%	**12%**	11%
Rest of the United States	**39%**	39%	**31%**	37%
International	**9%**	9%	**6%**	8%

In the United States, only the state of California exceeds 10% of the total system sales. Florida is the second largest contributor to the network's sales with 3%.

The West Coast of the United States contributes 21% of the Company's system sales (49% of the sales realized in the United States), while the states bordering the Atlantic represent 12% of the Company's system sales (27% of the sales realized in the United States).

During the 2018 fiscal year, casual dining concepts generated approximately 21% of system sales (up from 4% in 2017); this proportion has gone up following several acquisitions in the Casual Dining segment in the last two years. Quick Service locations currently represent two thirds of the network's sales, down from 80% in 2017, and fast casual locations represent the balance.

System wide sales

During the 2018 fiscal year, MTY's network generated $2,782.5 million in sales, an increase of 21% compared to sales generated in the prior year. The increase is distributed as follows:

	Sales	
(millions of $)	Three months	Twelve months
Reported sales – comparative period of 2017 fiscal year	544.2	2,301.8
Net increase in sales generated by concepts acquired during the last 24 months	153.4	516.6
Net decrease resulting from the sale of the Yogen Früz network	—	(2.2)
Net increase (decrease) resulting from stores opened or closed in the last 24 months	7.2	(13.0)
Impact of same store sales growth	(6.8)	(4.3)
Cumulative impact of foreign exchange variation	11.7	(11.8)
Other non-material variations	(2.3)	(4.6)
Reported sales – 2018 fiscal year	707.4	2,782.5

During the 2018 fiscal year, system sales totaled $2,782.5 million, compared to $2,301.8 million during 2017. The acquisitions realized during 2017 and 2018 were the main drivers for the growth in system sales. The relative strength of the Canadian dollar during the 2018 fiscal year resulted in an unfavorable variation of $11.8 million in reported sales, while the net impact of stores opened and closed in the past 24 months was a $13.0 million decrease in system sales.

Cold Stone Creamery is the only concept that currently represents more than 10% of system sales, generating approximately 21% of the total sales of MTY's network during the year. Thai Express, Taco Time and Baja Fresh Mexican Grill are the second, third and fourth largest concepts in terms of system sales, generating less than 10% each of the network's sales.

System wide sales include sales for corporate and franchise locations and exclude sales realized by the distribution center or by the food processing plant. System sales are converted from the currency in which they are generated into Canadian dollars for presentation purposes; they are therefore subject to variations in foreign exchange rates.

Same store sales

During the year ended November 30, 2018, same store sales decreased by 0.2% over the same period last year.

Same store sales growth was broken down as follows in MTY's main regions:

Region	**Quarter ended November 30, 2018**	**Year ended November 30, 2018**
Canada	+0.0%	+1.0%
United States	-1.9%	-0.9%
International	-8.9%	-4.9%
Total	-1.3%	-0.2%

During the fourth quarter, same store sales for Canadian locations increased slightly and has now been positive for the last five quarters. Ontario continues to show positive same store sales growth following the price increases resulting from the change in minimum wage regulation. British Columbia also continues on the momentum gained last year and posted positive results. Alberta had a third consecutive positive same store sales quarter, while Saskatchewan remains under significant pressure following the introduction of the meal tax in the second quarter of 2017.

In the United States, there were no abrupt movements in same store sales during the quarter; California continued to be slightly negative during the quarter, as were Arizona, Maryland and Oregon, which are important markets for the Company. California was negatively impacted by the extreme weather, including major forest fires which disrupted operations for a large part of the state. Given the weight of California on the US portion of MTY's network, the negative results of the quarter have translated into a negative performance for the United States as a whole.

During the fourth quarter, the concepts acquired in the Imvescor transaction have posted a positive same store sales growth of 1.9%, led by Ben & Florentine, Mikes and Scores which all posted strong performances. Those figures are excluded from the information presented above as MTY has not owned those networks for more than 12 months yet.

For 2019, management expects competition in both the Canadian and US markets to intensify further from a price, product, experience and delivery to end customer points of view. Restaurants are facing more and more competition for food dollars coming from various sources including retail stores “grab and go” and “meal kit deliveries” types of offering.

Drastic minimum wage increases in some regions are expected to cause some changes to the industry, and the reaction of customers to those changes cannot be anticipated at this moment. The Company continues to monitor the situation and assess the impact of price increases on customer traffic in the impacted regions.

Unusual weather patterns in North America have been affecting the Company and continue to affect it in unpredictable ways; the months of March, April and November have proven especially challenging in that regard in certain areas of the United States, causing sharp declines in sales and resulting in negative same store sales for that period. Similarly, sales from ribs and steak casual dining restaurants experienced a decline during the third quarter due to the unusually hot and dry summer in Eastern Canada which drove customers to enjoy more outdoor BBQ’s. MTY’s network has become more sensitive to the weather variations following the acquisition of Kahala; that sensitivity has been more noticeable recently as weather has been more volatile than in the past two years since we acquired Kahala.

Although consumer confidence and the current economic environment seem favorable at the moment, volatility in the price of commodities and currencies has a very material impact on employment rates and disposable income for MTY’s customers, resulting in uncertainty with respect to the future.

Stock options

During the period, no options were granted. As at November 30, 2018 there were 200,000 options outstanding and none that are exercisable.

Subsequent Events

Acquisition of Casa Grecque

On December 11, 2018, the Company completed its acquisition of substantially most of the assets of Casa Grecque for a total consideration of $22.4 million, of which $20.8 million was financed from MTY’s cash on hand and existing credit facilities, while $0.3 million in net liabilities was assumed and $1.3 million was held back. As at February 14, 2019, a preliminary purchase price allocation has not yet been completed.

Acquisition of South St. Burger

On December 11, 2018, the Company announced that one of its wholly owned subsidiaries had signed an agreement to acquire the assets of South St. Burger, a chain of gourmet burger restaurants. The acquisition is expected to be completed within 90 days of the announcement.

Dividends

On January 21, 2019, the Company approved a quarterly dividend of $0.165 per common share to be paid out February 15, 2019.

Seasonality

Results of operations for any interim period are not necessarily indicative of the results of operations for the full year. The Company expects that seasonality will be a material factor in the quarterly variation of its results. During January and February sales are historically lower than average due to weather conditions. Sales are historically above average during May to August; given the addition of Cold Stone Creamery, which is now MTY’s largest concept and which is also extremely seasonal, this pattern is expected to be more important in the future. 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 holiday shopping period.

Contingent Liabilities

The Company is involved in legal claims associated with its current business activities. The Company's estimate of the outcome of these claims is disclosed in note 15 of the consolidated financial statements as at November 30, 2018. The timing of the outflows, if any, is out of the control of the Company and is as a result undetermined at the moment.

Guarantee

The Company has provided a guarantee on certain leases for which it is not the lessee, for a cumulative amount of $9,330 (November 30, 2017 - $1,398).

Risks and uncertainties

Despite the fact that the Company has various numbers of concepts, diversified in type of locations and geographies 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 periods was as follows:

	2018	2017
	$	$
Short-term benefits	**2,051**	1,406
Share based payment	**659**	401
Board member fees	**64**	49
Total remuneration of key management personnel	**2,774**	1,856

Key management personnel is composed of the Company's CEO, COO's, 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 Chair of the Board of Directors, who controls 19% 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:

	2018	2017
	$	$
Short-term benefits	**452**	660
Share based payment	**20**	30
Consulting services	**13**	—
Total remuneration of individuals related to key management personnel	**485**	690

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, 2018 and have not been applied in preparing the consolidated financial statements.

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

Standard	**Issue date**	**Effective date for the Company**	**Impact**
IFRS 3 Business Combinations	October 2018	December 1, 2020	In assessment
IFRS 9 Financial Instruments	July 2014	December 1, 2018	In assessment
IFRS 15 Revenue from contracts with customers	May 2014	December 1, 2018	In assessment
IFRS 16 Leases	January 2016	December 1, 2019	In assessment
IFRIC 22 Foreign Currency Transactions and advance Consideration	December 2016	December 1, 2018	In assessment
IFRIC 23 uncertainty over income tax treatments	June 2017	December 1 2019	In assessment

In October 2018, the International Accounting Standards Board issued amendments to the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments to IFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. Earlier application is permitted. The Company is still in the process of assessing the impact.

IFRS 9 introduces a revised approach for the classification of financial assets based on how an entity manages financial assets and the characteristics of the contractual cash flows of the financial assets replacing the multiple rules in IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities have been carried forward in IFRS 9. IFRS 9 also introduces a new hedge accounting model that is more closely aligned with risk-management activities and a new expected credit loss model for calculating impairment on financial assets replacing the incurred loss model in IAS 39.

The Company will adopt IFRS 9 in its financial statements for the annual period beginning on December 1, 2018 and will apply the exemption from the requirement to restate comparative information.

The Company is still in the process of assessing the impact of the new standard. The Company does not expect that the adoption of this standard will have a significant impact on its consolidated financial statements.

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. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 also includes a cohesive set of disclosure requirements that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Company will adopt IFRS 15 in its financial statements for the annual period beginning on December 1, 2018. The standard allows for either a full retrospective or modified retrospective transition method. Management has elected to apply the modified retrospective transition method.

The Company has performed an assessment of the impact of the new standard and it has identified changes that will impact its consolidated financial statements.

The Company has determined that the new standard will change the way the Company recognizes initial franchise fees, master franchise fees, transfer fees and renewal fees. Under the current guidance the Company recognizes these fees when we have performed all material obligations and services. Under the new guidance the Company will defer these fees and recognize them over the term of the related franchise agreement. This will have no impact on the amount or timing of cash flows.

Moreover, under the current guidance the Company does not reflect promotional funds collected from franchisees and the related promotional expenditures in the consolidated statements of income. Upon adoption of the new standard, the promotional funds collected, and the related expenditures will be reported on a gross basis in the consolidated statements of income. To the extent that promotional funds received exceed the related promotional expenditures, the excess contributions will be recorded in accounts payable and accrued liabilities. We do not expect that there will be a material net income impact for this change.

Additionally, under the new guidance, incremental costs to obtain a contract must be deferred if they are expected to be recoverable. Accordingly, the Company will recognize those costs as an asset when incurred and will amortize this asset over the term of the related franchise agreement.

There will also be a change to the accounting for gift cards breakage for some of the gift card programs which were being accounted for based on the remote likelihood of a gift card being redeemed. Following the adoption of the new standard, all of the gift card programs will record breakage income on a prorated recognition basis.

Lastly, restaurant construction and renovation revenue were previously recognized by reference to the stage of completion of the contract activity; under the new standard, the criteria for recognizing revenue over time are not met and therefore, the Company will now recognize revenue for these services at a point in time, when the construction and renovation is completed.

As a result of the adoption of the new standard, the Company expects to record a pre-tax cumulative reduction adjustment of approximately $27.0 million to retained earnings as at December 1, 2018 primarily related to franchise, transfer and renewal fees. We do not expect a material adjustment to retained earnings related to the change in method for the restaurant construction and renovation.

We do not expect that there will be a change in the other categories of revenues, although the Company is still evaluating the impact of adopting this standard, which may result in additional changes to be identified to accounting policies upon adoption.

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. The Company anticipates a material change in the presentation of both the consolidated statement of financial position and the consolidated statement of income. As a result of IFRS 16, both assets and liabilities will significantly increase and there will be material changes to the presentation of expenses associated with the new lease standard.

In December 2016, the IASB issued IFRIC 22 which provides an interpretation on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The interpretation applies where an entity pays or receives consideration in advance for foreign currency-denominated contracts. The date of the transaction determines the exchange rate to be used on initial recognition of the related asset, expense or income. This Interpretation provides guidance for when a single payment or receipt is made, as well as for situations where multiple payments or

receipts are made and aims to reduce diversity in practice. This standard is effective for annual reporting periods beginning on or after January 1, 2018.

On 7 June 2017, the IFRS Interpretations Committee issued IFRIC 23, which clarifies how the recognition and measurement requirements of IAS 12 Income taxes are applied where there is uncertainty over income tax treatments. This standard is effective for annual reporting periods beginning on or after January 1, 2019.

The Company continues to assess the impact of these standards on its consolidated financial statements. Although the extent of the impact has not yet been determined, the Company expects that the adoption of IFRS 16 will result in material changes to its consolidated statement of income and consolidated statement of financial position.

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:

		2018		2017
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$	**$**	$	$
Financial assets				
Loans receivable	**8,104**	**8,104**	5,926	5,926
Financial liabilities				
Long-term debt[1]	**266,087**	**268,954**	219,739	221,889

[1] Excludes promissory notes and obligations to repurchase non-controlling interests

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:

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.

Promissory notes

The Company issued as part of its consideration for the acquisition of Houston Avenue Bar & Grill and Industria Pizzeria + Bar promissory notes to the vendors and the minority shareholders of 10220396 Canada Inc. These promissory notes are subject to earn out provisions, which are based on future earnings. These promissory notes are repayable in October 2019 and June 2022. These promissory notes have been recorded at fair value and are remeasured on a recurring basis. Of the $7.0 million promissory note, $4.5 million is subject to an earn-out provision.

A discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Company, with respect to these promissory notes. These notes are subject to significant unobservable inputs such as discount rates and projected revenues and EBITDA. An increase or decrease by 1% in the discount rates used would have an impact of $0.1 million on the fair value, as at November 30, 2018 (November 30, 2017 - $0.3 million).

A fair value re-measurement loss of $1.0 million was recorded for these promissory notes for the period ended November 30, 2018 (November 30, 2017 - $0.2 million).

Obligations to repurchase non-controlling interests

The Company has entered into an agreement to purchase the shares of a minority interest shareholder of 9974644 Canada Inc. at the option of the holder at anytime after December 9, 2017. The consideration is based on a multiplier of EBITDA, as prescribed by the terms of the shareholder agreement. As a result, the Company recorded a liability at fair value remeasured at each reporting period.

A fair value remeasurement gain of $nil (2017- loss of $0.2 million) was recorded for this non-controlling interest obligation.

The Company, in conjunction with the acquisition of Houston Avenue Bar & Grill and Industria Pizzeria + Bar, entered into an agreement to acquire the non-controlling interest in 10220396 Canada Inc., in June 2022. The consideration to be paid for this acquisition will be based on future earnings. As a result, the Company recorded a liability at fair value and is remeasured at each reporting period.

A discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Company with respect to this obligation. The non-controlling interest buyback obligation is subject to significant unobservable inputs such as discount rate and projected EBITDA. An increase or decrease by 1% in the discount rates used would have an impact of $0.1 million on the carrying amount as at November 30, 2018 (November 30, 2017 - $0.1 million).

A fair value re-measurement loss of $0.4 million (2017 - $0.1 million) was recorded for this non-controlling interest obligation.

Fair value hierarchy

	Level 3	
(In thousands $)	**2018**	**2017**
Financial liabilities		
Promissory notes related to the acquisition of Houston Avenue Bar & Grill and Industria Pizzeria + Bar	**7,034**	6,041
Non-controlling interest options	**2,495**	2,027
Financial Liabilities	**9,529**	8,068

The Company has determined that the fair value of its financial assets and financial liabilities with short-term maturities approximates their carrying value. These financial instruments include cash, accounts receivables, accounts payable and accrued liabilities and deposits. The table below shows the fair value and the carrying value of other financial instruments as at November 30, 2018 and November 30, 2017. Since estimates are used to determine fair value, they must not be interpreted as being realizable in the event of a settlement of the instruments.

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, 2018.

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 the Company's management based on past experience and counterparty specific circumstances. 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 and USA, which 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 the loans receivable is similar to that of accounts receivable.

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's exposure to foreign exchange risk mainly comes from sales denominated in foreign currencies. The Company's USA and foreign operations use the U.S. dollar (USD) as functional currency. The Company's exposure to foreign exchange risk stems mainly from cash, accounts receivable, long-term debt denominated in U.S. dollars, other working capital items and financial obligations from its USA operations.

Fluctuations in USD exchange rate are deemed to have minimal risk as they are mostly offset by the stand-alone operations of the Company's US entities.

Total US net income for the period was C$56.4 million, (2017 - C$18.9 million). A 5% change to foreign exchange would represent a gain or loss to the Company of C$2.8 million (2017 - C$0.9 million).

As at November 30, 2018, the Company has the following financial instruments denominated in foreign currencies:

	November 30, 2018		November 30, 2017	
	USD	**CAD**	USD	CAD
	$	**$**	$	$
Financial assets				
Cash	**980**	**1,304**	160	206
Accounts receivable	**330**	**439**	313	403
Financial liabilities				
Accounts payable and deposits	**(32)**	**(43)**	(24)	(31)
Long-term debt	**(14,000)**	**(18,621)**	—	—
Net Financial (Liabilities) Assets	**(12,722)**	**(16,921)**	449	578

All other factors being equal, a reasonable possible 5% rise in foreign currency exchange rates per Canadian dollar would result in a loss of C$0.8 million (November 30, 2017 - C$nil) change on the consolidated statements of income and comprehensive income.

Interest rate risk

Interest rate risk is the Company's exposure to increases and decreases in financial instrument values caused by the fluctuation in interest rates. The Company is exposed to cash flow risk due to the interest rate fluctuation in its floating-rate interest-bearing financial obligations.

Furthermore, upon refinancing of a borrowing, depending on the availability of funds in the market and lender perception of the Company's risk, the margin that is added to the reference rate, such as LIBOR or prime rates, could vary and thereby directly influence the interest rate payable by the Company.

Long-term debt stems mainly from acquisitions of long-term assets and business combinations. The Company is exposed to interest rate risk with its revolving credit facility which is used to finance the Company's acquisitions. Both facilities bear interest at a variable rate and as such the interest burden could change materially. $256.1 million (2017 - $210.5 million) of the credit facilities were used as at November 30, 2018. A 100 basis points increase in the bank's prime rate would result in additional interest of $2.6 million per annum (2017 - $2.1 million) on the outstanding credit facility.

Liquidity risk

Liquidity risk refers to the possibility of the Company not being able to meet its financial obligations when they become due. The Company has contractual and fiscal obligations as well as financial liabilities and is therefore exposed to liquidity risk. Such risk can result, for example, from a market disruption or a lack of liquidity. The Company actively maintains credit facilities to ensure it has sufficient available funds to meet current and foreseeable financial requirements at a reasonable cost.

As at November 30, 2018, the Company had an authorized revolving credit facility for which the available amount may not exceed $500,000 to ensure that sufficient funds are available to meet its financial requirements. The terms and conditions related to this revolving credit facility is described in note 14 of the consolidated financial statements as at November 30, 2018.

The following are the contractual maturities of financial liabilities as at November 30, 2018

(In thousands $)	Carrying amount	Contractual cash flows	0 to 6 months	6 to 12 months	12 to 24 months	Thereafter
	$	$	$	$	$	$
Accounts payable and accrued liabilities	**68,700**	**68,700**	**68,700**	—	—	—
Long-term debt	**275,616**	**278,483**	**1,449**	**7,444**	**4,326**	**265,264**
Interest on long-term debt [(1)]	**n/a**	**24,581**	**4,609**	**4,609**	**9,218**	**6,145**
	344,316	**371,764**	**74,758**	**12,053**	**13,544**	**271,409**

[(1)] When future interest cash flows are variable, they are calculated using the interest rates prevailing at the end of the reporting period.

Outlook

In the very short term, management's primary focus will be on continuing to produce positive same store sales while alleviating some of the financial pressure on its franchise partners by optimizing processes and sourcing products at prices that are stable and competitive. Innovation, quality of food and of customer service in each of our outlets and maximizing the value offered to our customers are going to be main areas of focus for the coming year.

Management will also focus on the integration of the recently acquired brands. Following the closing of those acquisitions, MTY is well-positioned to expand in Canada and in the United States, including growing its existing Canadian brands into the United States.

The restaurant industry will remain challenging in the future, and management believes that the focus on the food offering, innovation, 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 some 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, 2018 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 are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Over the course of 2018, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's internal controls over financial reporting were not effective due to the identification of a material weakness related to controls over the accounting for non-routine and complex transactions, including accounting for purchase price allocations in respect of business acquisitions. The Company's review process did not sufficiently prevent or detect errors in the data inputs used or in the calculation of fair value. This control weakness lead to the correction of a preliminary purchase price. In the third quarter of 2018, the board of directors, Chief Executive Officer, and Chief Financial Officer implemented processes that significant purchase price allocations will be reviewed by a third-party expert to ensure the accuracy of the fair value of assets acquired and liabilities assumed in a business acquisition.

Since these changes, no such acquisitions have occurred that would require a purchase price allocation to be completed which would allow the Company to test the control. Management has added resources and tools in the internal audit department to test and assess the control environment in the existing and newly acquired businesses. Material weaknesses cannot be considered remediated until the remedial controls operate for a sufficient period of time and management has concluded through testing, that these controls are operating effectively.

Notwithstanding the outstanding assessment regarding the remediation actions as described above, the Chief Executive Officer and the Chief Financial Officer, together with Management have concluded the financial statements included in this report present fairly in all material respects its financial position, results of operations, capital position and cash flows for the periods presented in accordance with IFRS.

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, 2018, other than the material weakness mentioned above, 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 reality 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 is also 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:

Percentage of MTY Food Group Inc.	Company's assets	Current assets	Non-current assets	Current Liabilities	Long-term liabilities	Revenues	Net earnings
Imvescor Restaurant Group	26%	8%	27%	9%	9%	19%	15%
The Counter and Built Custom Burgers	3%	2%	3%	1%	0%	2%	5%
Timothy's World Coffee and Mmmuffins	0%	0%	0%	0%	0%	1%	1%
Grabbagreen	0%	0%	0%	0%	0%	0%	0%
SweetFrog	4%	0%	4%	2%	1%	0%	1%

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 consolidated financial statements. For the period ended November 30, 2018, 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, 2% of the Company's revenues and 0% of the Company's net earnings.

"*Eric Lefebvre*"

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Eric Lefebvre, CPA, CA, MBA Chief Executive Officer

"Renee St-Onge"

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Renee St-Onge, CPA, CA Chief Financial Officer