
Condensed
interim consolidated financial statements of
MTY Food Group Inc.

For the three and six-month periods ended May 31, 2022 and 2021

MTY Food Group Inc.

Condensed interim consolidated statements of income

For the three and six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

	Notes	Three months ended May 31		Six months ended May 31	
		2022	2021	2022	2021
		\$	\$	\$	\$
Revenue	14 & 16	162,518	135,857	303,012	254,817
Expenses					
Operating expenses	15 & 16	114,869	92,262	219,726	178,430
Depreciation – property, plant and equipment and right-of-use assets		3,832	4,075	7,492	7,964
Amortization – intangible assets	8	7,176	7,166	14,206	14,453
Interest on long-term debt		1,872	3,022	3,247	6,285
Net interest expense on leases	7	492	552	974	1,124
Impairment charge – right-of-use assets	7	66	33	121	486
Impairment charge – property, plant and equipment and intangible assets		535	5,274	535	5,274
		128,842	112,384	246,301	214,016
Share of net loss of a joint venture accounted for using the equity method	5	—	(114)	—	(269)
Other income (expenses)					
Unrealized and realized foreign exchange gain		684	4,123	1,549	5,470
Interest income		74	37	148	119
Gain on de-recognition/lease modification of lease liabilities		425	809	822	881
(Loss) gain on disposal of property, plant and equipment		(140)	676	(187)	819
Revaluation of financial liabilities recorded at fair value		1,265	(1,096)	1,397	(2,313)
Loss on remeasurement of joint venture interest	5	—	—	(2,769)	—
		2,308	4,549	960	4,976
Income before taxes		35,984	27,908	57,671	45,508
Income tax expense					
Current		7,397	5,007	13,337	10,455
Deferred		(125)	(221)	(1,054)	(1,496)
		7,272	4,786	12,283	8,959
Net income		28,712	23,122	45,388	36,549
Net income attributable to:					
Owners		28,619	23,028	45,256	36,425
Non-controlling interests		93	94	132	124
		28,712	23,122	45,388	36,549
Net income per share	12				
Basic		1.17	0.93	1.85	1.47
Diluted		1.17	0.93	1.85	1.47

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

MTY Food Group Inc.**Condensed interim consolidated statements of comprehensive income (loss)**

For the three and six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars)

(Unaudited)

	Three months ended May 31		Six months ended May 31	
	2022	2021	2022	2021
	\$	\$	\$	\$
Net income	28,712	23,122	45,388	36,549
Items that may be reclassified subsequently to net income				
Unrealized loss on translation of foreign operations	(2,700)	(30,616)	(7,876)	(44,966)
Other comprehensive loss	(2,700)	(30,616)	(7,876)	(44,966)
Total comprehensive income (loss)	26,012	(7,494)	37,512	(8,417)
Total comprehensive income (loss) attributable to:				
Owners	25,919	(7,588)	37,380	(8,541)
Non-controlling interests	93	94	132	124
	26,012	(7,494)	37,512	(8,417)

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

MTY Food Group Inc.

Condensed interim consolidated statements of changes in shareholders' equity

For the six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars)

(Unaudited)

	Reserves					Retained earnings	Equity attributable to owners	Equity attributable to non-controlling interests	Total
	Capital stock	Other	Contributed surplus	Foreign currency translation	Total reserves				
	\$	\$	\$	\$	\$	\$	\$	\$	\$
For the six months ended May 31, 2022									
Balance, beginning of period	305,961	(850)	3,855	(21,320)	(18,315)	359,993	647,639	1,259	648,898
Net income	—	—	—	—	—	45,256	45,256	132	45,388
Other comprehensive loss	—	—	—	(7,876)	(7,876)	—	(7,876)	—	(7,876)
Total comprehensive income							37,380	132	37,512
Shares repurchased and cancelled (Note 11)	(3,180)	—	—	—	—	(11,438)	(14,618)	—	(14,618)
Dividends	—	—	—	—	—	(10,265)	(10,265)	(280)	(10,545)
Share-based compensation	—	—	554	—	554	—	554	—	554
Balance, end of period	302,781	(850)	4,409	(29,196)	(25,637)	383,546	660,690	1,111	661,801

	Reserves					Retained earnings	Equity attributable to owners	Equity attributable to non-controlling interests	Total
	Capital stock	Other	Contributed surplus	Foreign currency translation	Total reserves				
	\$	\$	\$	\$	\$	\$	\$	\$	\$
For the six months ended May 31, 2021									
Balance, beginning of period	306,415	(850)	3,019	(13,354)	(11,185)	286,525	581,755	759	582,514
Net income	—	—	—	—	—	36,425	36,425	124	36,549
Other comprehensive loss	—	—	—	(44,966)	(44,966)	—	(44,966)	—	(44,966)
Total comprehensive (loss) income							(8,541)	124	(8,417)
Share-based compensation	—	—	429	—	429	—	429	—	429
Balance, end of period	306,415	(850)	3,448	(58,320)	(55,722)	322,950	573,643	883	574,526

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

MTY Food Group Inc.

Condensed interim consolidated statements of financial position

As at May 31, 2022 and November 30, 2021

(In thousands of Canadian dollars)

(Unaudited)

		May 31, 2022	November 30, 2021
	Notes	\$	\$
Assets			
Current assets			
Cash		56,239	61,231
Accounts receivable	6	66,316	57,459
Inventories		11,623	10,707
Current portion of loans and other receivables		1,195	1,189
Current portion of finance lease receivables	7	86,236	89,046
Income taxes receivable		608	3,712
Other assets		3,747	2,403
Prepaid expenses and deposits		8,752	7,721
		234,716	233,468
Loans and other receivables		2,964	3,049
Finance lease receivables	7	278,860	310,223
Contract cost asset		5,856	5,631
Deferred income taxes		179	185
Investment in a joint venture	5	—	25,911
Property, plant and equipment		20,511	17,526
Right-of-use assets	7	59,431	59,937
Intangible assets	8	831,493	820,274
Goodwill	9	442,463	428,390
		1,876,473	1,904,594
Liabilities and Shareholders' equity			
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		121,050	119,462
Provisions		1,598	1,692
Gift card and loyalty program liabilities		107,226	101,889
Income taxes payable		5,786	4,256
Current portion of deferred revenue and deposits		16,460	16,100
Current portion of long-term debt	10	19,613	13,116
Current portion of lease liabilities	7	99,192	101,973
		370,925	358,488
Long-term debt	10	329,305	347,612
Lease liabilities	7	337,677	371,575
Deferred revenue and deposits		44,744	44,339
Deferred income taxes		131,537	132,653
Other liabilities		484	1,029
		1,214,672	1,255,696

MTY Food Group Inc.**Condensed interim consolidated statements of financial position (continued)**

As at May 31, 2022 and November 30, 2021

(In thousands of Canadian dollars)

(Unaudited)

		May 31, 2022	November 30, 2021
	Notes	\$	\$
Shareholders' equity			
Equity attributable to owners			
Capital stock	11	302,781	305,961
Reserves		(25,637)	(18,315)
Retained earnings		383,546	359,993
		660,690	647,639
Equity attributable to non-controlling interests		1,111	1,259
		661,801	648,898
		1,876,473	1,904,594

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

Approved by the Board on July 7, 2022

_____, Director

_____, Director

MTY Food Group Inc.

Condensed interim consolidated statements of cash flows

For the three and six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars)

(Unaudited)

	Notes	Three months ended May 31		Six months ended May 31	
		2022	2021	2022	2021
		\$	\$	\$	\$
Operating activities					
Net income		28,712	23,122	45,388	36,549
Adjusting items:					
Interest on long-term debt		1,872	3,022	3,247	6,285
Net interest expense on leases	7	492	552	974	1,124
Depreciation – property, plant and equipment and right-of-use assets		3,832	4,075	7,492	7,964
Amortization – intangible assets	8	7,176	7,166	14,206	14,453
Impairment charge – property, plant and equipment		535	—	535	—
Impairment charge – right-of-use assets	7	66	33	121	486
Impairment charge – intangible assets		—	5,274	—	5,274
Share of net loss of a joint venture accounted for using the equity method	5	—	114	—	269
Gain on de-recognition/lease modification of lease liabilities		(425)	(809)	(822)	(881)
Loss (gain) on disposal of property, plant and equipment		140	(676)	187	(819)
Revaluation of financial liabilities recorded at fair value through profit or loss		(1,265)	1,096	(1,397)	2,313
Loss on remeasurement of joint venture interest	5	—	—	2,769	—
Income tax expense		7,272	4,786	12,283	8,959
Share-based expense		275	212	554	429
		48,682	47,967	85,537	82,405
Income taxes paid		(4,584)	(9,095)	(8,694)	(11,746)
Interest paid		(1,728)	(3,057)	(2,939)	(6,325)
Other		315	(901)	(954)	(2,153)
Changes in non-cash working capital items	17	(11,946)	(5,373)	(2,515)	(1,333)
Cash flows provided by operating activities		30,739	29,541	70,435	60,848
Investing activities					
Net cash outflow on acquisitions	4	—	—	(11,270)	—
Cash acquired through change in control	5	—	—	502	—
Additions to property, plant and equipment		(3,494)	(2,301)	(4,643)	(3,514)
Additions to intangible assets	8	(1,346)	(156)	(3,018)	(203)
Proceeds on disposal of property, plant and equipment		84	413	179	666
Cash flows used in investing activities		(4,756)	(2,044)	(18,250)	(3,051)

MTY Food Group Inc.**Condensed interim consolidated statements of cash flows (continued)**

For the three and six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars)

(Unaudited)

	Notes	Three months ended May 31		Six months ended May 31	
		2022	2021	2022	2021
		\$	\$	\$	\$
Financing activities					
Repayment of long-term debt		(12,077)	(15,250)	(22,195)	(44,336)
Net lease payments	7	(4,299)	(3,927)	(8,001)	(7,703)
Shares repurchased and cancelled	11	—	—	(14,618)	—
Capitalized financing costs		—	(665)	—	(665)
Dividends paid to non-controlling shareholders of subsidiaries		—	—	(280)	—
Dividends paid		(5,127)	—	(10,265)	—
Cash flows used in financing activities		(21,503)	(19,842)	(55,359)	(52,704)
Net increase (decrease) in cash		4,480	7,655	(3,174)	5,093
Effect of foreign exchange rate changes on cash		(705)	(5,124)	(1,818)	(7,864)
Cash, beginning of period		52,464	39,000	61,231	44,302
Cash, end of period		56,239	41,531	56,239	41,531

The accompanying notes are an integral part of the condensed interim consolidated financial statements.

MTY Food Group Inc.

Table of contents

1.	Description of the business	10
2.	Basis of preparation	10
3.	Future accounting changes	11
4.	Business acquisitions	13
5.	Change in control	14
6.	Accounts receivable	16
7.	Leases	16
8.	Intangible assets	18
9.	Goodwill	19
10.	Long-term debt	19
11.	Capital stock	20
12.	Net income per share	20
13.	Financial instruments	20
14.	Revenue	22
15.	Operating expenses	23
16.	Segmented information	24
17.	Condensed interim consolidated statement of cash flows	26
18.	Related party transactions	26

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the three and six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

1. Description of the business

MTY Food Group Inc. (the "Company") is a franchisor in the quick service and casual dining food industry. Its activities consist of franchising and operating corporate-owned locations as well as the sale of retail products under a multitude of banners. The Company also operates a distribution center and a food-processing plant, both of which are located in the province of Quebec.

The Company is incorporated under the *Canada Business Corporations Act* and is listed on the Toronto Stock Exchange ("TSX"). The Company's head office is located at 8210 Trans-Canada Highway, Ville Saint-Laurent, Quebec.

2. Basis of preparation

The unaudited condensed interim consolidated financial statements ("financial statements") have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for:

- share-based payment transactions, that are within the scope of International Financial Reporting Standards ("IFRS") 2, Share-based Payment;
- leasing transactions, that are within the scope of IFRS 16, Leases; and
- measurements that have some similarities to fair value but are not fair value, such as net realizable value in International Accounting Standards ("IAS") 2, Inventories, or value in use in IAS 36, Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Canadian dollars, which is the functional currency of the Company, and tabular amounts are rounded to the nearest thousand (\$000) except when otherwise indicated.

Statement of compliance

The Company's unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting and apply the same accounting policies as those described in the Company's annual consolidated financial statements for the year ended November 30, 2021, prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

These financial statements do not include all the information required under IFRS for complete financial statements and should therefore be read in conjunction with the Company's annual consolidated financial statements for the year ended November 30, 2021.

The financial statements were authorized for issue by the Board of Directors on July 7, 2022.

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the three and six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

2. Basis of preparation (continued)

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 continue to be a factor in the quarterly variation of its results. For example, the Frozen treat category, which is a significant category in the United States (“US”) market, varies significantly during the winter season as a result of weather conditions. This risk is offset by other brands that have better performance during winter seasons such as Papa Murphy’s, which typically does better during winter months. Sales for shopping mall locations are also higher than average in December during the holiday shopping period. For 2022, the normal seasonal trends might be affected by the shifts in consumer behavior caused by the pandemic or government regulations.

Impact of COVID-19

The second quarter of 2022 saw most government-imposed restrictions lifted in both Canada and the US. The Canadian provinces that were operating with restrictions removed vaccine passport requirements at the beginning of the quarter and lifted indoor mask mandates by the end of the quarter while the US removed most of the restrictions still imposed in some states. The disruptions that impacted the markets in which MTY and its franchise partners and suppliers operate are expected to persist into 2022 with uncertainty surrounding the effects that the lifting of restrictions will have on the number of infections and the potential emergence of new variants. The longer-term impact on the economy and the rules and restrictions that will apply to MTY’s restaurants are expected to fluctuate and impact the network for the foreseeable future.

As a result of the continued and uncertain economic and business impacts of the COVID-19 pandemic, the Company continues to monitor the estimates, judgments and assumptions used in the financial statements. For the three and six months ended May 31, 2022, the Company determined that there were no specific triggers for impairment assessments attributable to COVID-19. Accordingly, the Company did not record or reverse impairment charges on its property, plant and equipment, intangible assets, and goodwill in the period attributable to COVID-19. These estimates, judgments and assumptions are subject to change and could be materially different at year-end.

3. Future accounting changes

A number of new standards, interpretations and amendments to existing standards were issued by the IASB that are not yet effective for the three and six-month periods ended May 31, 2022 and have not been applied in preparing these condensed interim consolidated financial statements.

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

Standard	Issue date	Effective date for the Company	Impact
IAS 37, Provisions, Contingent Liabilities and Contingent Assets	May 2020	December 1, 2022	In assessment
IAS 1, Presentation of Financial Statements	January 2020, July 2020 & February 2021	December 1, 2023	In assessment
IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors	February 2021	December 1, 2023	In assessment
IAS 12, Income Taxes	May 2021	December 1, 2023	In assessment

IAS 37, Provisions, Contingent Liabilities and Contingent Assets

In May 2020, the IASB published *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)* amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The changes in *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)* specify that the “cost of fulfilling” a contract comprises the “costs that relate directly to the contract”.

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the three and six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

3. Future accounting changes (continued)

IAS 37, Provisions, Contingent Liabilities and Contingent Assets (continued)

Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendments to IAS 37 are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The Company will adopt the amendments on December 1, 2022.

IAS 1, Presentation of Financial Statements

In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments in *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* affect only the presentation of liabilities in the statement of financial position, not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items.

In July 2020, the IASB published *Classification of Liabilities as Current or Non-current – Deferral of Effective Date (Amendment to IAS 1)* deferring the effective date of the January 2020 amendments to IAS 1 by one year.

In February 2021, the IASB issued *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. An entity is now required to disclose its material accounting policy information instead of its significant accounting policies and several paragraphs are added to IAS 1 to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material. The amendments also clarify that: accounting policy information may be material because of its nature, even if the related amounts are immaterial; accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The Company will adopt the amendments on December 1, 2023.

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

In February 2021, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)* with amendments that are intended to help entities to distinguish between accounting policies and accounting estimates. The changes to IAS 8 focus entirely on accounting estimates and clarify that: the definition of a change in accounting estimates is replaced with a definition of accounting estimates; entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty; a change in accounting estimate that results from new information or new developments is not the correction of an error; and a change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The amendments to IAS 8 are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The Company will adopt the amendments on December 1, 2023.

IAS 12, Income Taxes

In May 2021, the IASB published *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)* that clarifies how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change is an exemption from the initial recognition exemption, which does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities. The amendments to IAS 12 are effective for annual reporting periods beginning on or after January 1, 2023. Earlier application is permitted. The Company will adopt the amendments on December 1, 2023.

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the three and six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

4. Business acquisitions

I) Küto Comptoir à Tartares (2022)

On December 1, 2021, the Company's Canadian operations completed its acquisition of the assets of Küto Comptoir à Tartares for a total consideration of \$12,688. The purpose of the transaction was to diversify the Company's range of offering as well as to complement existing Company brands.

	As previously reported	Adjustments	Adjusted consideration
			\$
Consideration paid:			
Purchase price	9,033	—	9,033
Contingent consideration	3,459	—	3,459
Working capital	196	—	196
Net purchase price	12,688	—	12,688
Contingent consideration	(3,459)	—	(3,459)
Holdback	(250)	—	(250)
Net consideration paid/cash outflow	8,979	—	8,979

The preliminary purchase price allocation is as follows:

	As previously reported	Adjustments	Adjusted purchase price allocation
			\$
Net assets acquired:			
Current assets			
Inventories	302	—	302
	302	—	302
Property, plant and equipment ⁽²⁾	—	145	145
Right-of-use assets ⁽²⁾	—	46	46
Franchise rights ⁽²⁾	—	1,090	1,090
Trademark ⁽²⁾	—	4,970	4,970
Customer list ⁽²⁾	—	3,380	3,380
Goodwill ^(1 & 2)	12,492	(9,584)	2,908
	12,794	47	12,841
Current liabilities			
Accounts payable and accrued liabilities ⁽²⁾	39	1	40
Gift card liability	67	—	67
Current portion of lease liabilities ⁽²⁾	—	35	35
	106	36	142
Lease liabilities ⁽²⁾	—	11	11
	106	47	153
Net purchase price	12,688	—	12,688

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the three and six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

4. Business acquisitions (continued)

I) Kūto Comptoir à Tartares (2022) (continued)

- (1) Goodwill is deductible for tax purposes.
- (2) The Company has recorded adjustments to its previously reported preliminary purchase price allocation reported as at February 28, 2022. The adjustments relate to the fair value assessment relating to property, plant and equipment, right-of-use assets, franchise rights, trademark, customer list, goodwill, accounts payable and accrued liabilities and lease liabilities.

Total expenses incurred related to acquisition costs amounted to nil.

The purchase price allocation is still preliminary as post-closing adjustments have not been finalized, and as such, further adjustments may still be made.

II) Other acquisition (2022)

On February 14, 2022, the Company's Canadian operations completed its acquisition of the assets of a restaurant located in the province of Quebec, for a total consideration of \$2,450 (net cash outflow of \$2,291). The amount allocated to goodwill was \$1,930 (as previously reported – \$1,908). The purpose of the transaction was to operate the restaurant as a corporately-owned restaurant until it can be converted into a franchise.

5. Change in control

On December 3, 2021, the Company gained control of 11554891 Canada Inc., previously a joint venture, as a result of a lapse of rights held by the minority shareholder that previously stopped the Company from controlling. Accordingly, the Company now has control over 11554891 Canada Inc., which triggers its deemed acquisition and thus fully consolidates 11554891 Canada Inc. starting December 3, 2021. There is no cash consideration for the acquisition and there is no change of participation of each partner in 11554891 Canada Inc.

The Company has an obligation to repurchase the interest of the minority shareholder of 11554891 Canada Inc. Under IFRS, this option gives the equity participation of this minority shareholder the characteristics of liability more than equity. As such, this minority shareholder's participation is classified in the current portion of long-term debt (Note 10).

The change in control provides for the revaluation of the previously held interest to its fair market value. The Company remeasured its pre-existing equity interest of 70% to its fair value of \$23,142. As a result, the Company recorded a loss of \$2,769 in its condensed interim consolidated statement of income for the six-month period ended May 31, 2022.

	2022
	\$
Enterprise value of 11554891 Canada Inc.	37,093
Liabilities assumed and settlement of pre-existing relationships	(13,896)
Fair value of net assets transferred	23,197

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the three and six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

5. Change in control (continued)

The preliminary purchase price allocation is as follows:

	2022
	\$
Net assets transferred:	
Current assets	
Cash	502
Accounts receivable	1,110
Inventories	87
Current portion of finance lease receivables	459
Income taxes receivable	70
Other assets	115
Prepaid expenses and deposits	71
	2,414
Finance lease receivables	2,399
Property, plant and equipment	406
Right-of-use assets	1,007
Franchise rights	2,700
Trademark	16,200
Goodwill ⁽¹⁾	11,946
	37,072
Current liabilities	
Accounts payable and accrued liabilities	920
Gift card liability	268
Current portion of lease liabilities	678
	1,866
Long-term debt	7,867
Lease liabilities	3,238
Deferred income taxes	815
Deferred revenue	89
	13,875
	23,197

⁽¹⁾ Goodwill is deductible for tax purposes.

The purchase price allocation is still preliminary as post-closing adjustments have not been finalized, and as such, further adjustments may still be made.

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the three and six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

6. Accounts receivable

The following table provides details on trade accounts receivable not past due, past due and the related credit loss allowance.

	May 31, 2022	November 30, 2021
	\$	\$
Total accounts receivable	73,504	65,915
Less: Allowance for credit losses	7,188	8,456
Total accounts receivable, net	66,316	57,459
Of which:		
Not past due	46,721	42,257
Past due for more than one day but no more than 30 days	4,959	2,549
Past due for more than 31 days but no more than 60 days	2,036	2,131
Past due for more than 61 days	12,600	10,522
Total accounts receivable, net	66,316	57,459

7. Leases

Leases as a lessee relate primarily to leases of premises in relation to the Company's operations and its corporate store locations. For many of the leases related to its franchised locations, the Company is on the head lease of the premises and a corresponding sublease contract was entered into between the Company and its unrelated franchisee. The sublease contract is substantially based on the same terms and conditions as the head lease.

Leases and subleases typically have terms ranging between five and 10 years at inception. The Company does not have options to purchase the premises on any of its leases.

Right-of-use assets

The following table provides the net carrying amounts of the right-of-use assets by class of underlying asset and the changes in the six-month period ended May 31, 2022:

	Offices, corporate and dark stores	Store locations subject to operating subleases	Other	Total
	\$	\$	\$	\$
Balance as at November 30, 2021	45,798	13,067	1,072	59,937
Additions	7,182	—	25	7,207
Acquisition through business combination (Note 4)	46	—	—	46
Change in control over interest in 11554891 Canada Inc. (Note 5)	999	—	8	1,007
Depreciation expense	(4,851)	(647)	(187)	(5,685)
Impairment charge	(121)	—	—	(121)
De-recognition/lease modification of lease liabilities	(1,598)	(1,104)	(12)	(2,714)
Foreign exchange	(238)	(7)	(1)	(246)
Balance as at May 31, 2022	47,217	11,309	905	59,431

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the three and six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

7. Leases (continued)

Finance lease receivables and lease liabilities

The following table provides the carrying amounts of the finance lease receivables and lease liabilities, and the changes in the six-month period ended May 31, 2022:

	Finance lease receivables	Lease liabilities
	\$	\$
Balance as at November 30, 2021	399,269	(473,548)
Additions	4,268	(8,077)
Acquisition through business combination (Note 4)	—	(46)
Change in control over interest in 11554891 Canada Inc. (Note 5)	2,858	(3,916)
Lease renewals and modifications	9,752	(9,797)
Lease terminations	(5,302)	5,248
Other adjustments	1,218	(1,028)
Interest income (expense) ⁽¹⁾	5,080	(6,054)
(Receipts) payments	(50,877)	58,878
Foreign exchange	(1,170)	1,471
Balance as at May 31, 2022	365,096	(436,869)

⁽¹⁾ During the three and six-month periods ended May 31, 2022, the Company recorded interest income on finance lease receivables of \$2,551 and \$5,080, respectively (2021 – \$2,968 and \$6,100, respectively) and interest expense on lease liabilities of \$3,043 and \$6,054, respectively (2021 – \$3,520 and \$7,224, respectively).

Recorded in the condensed interim consolidated statements of financial position as follows:

	Finance lease receivables	Lease liabilities
	\$	\$
Current portion	89,046	(101,973)
Long-term portion	310,223	(371,575)
November 30, 2021	399,269	(473,548)
Current portion	86,236	(99,192)
Long-term portion	278,860	(337,677)
May 31, 2022	365,096	(436,869)

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the three and six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

8. Intangible assets

Cost	Franchise and master franchise rights	Trademarks	Step-in rights	Customer lists	Other	Total
	\$	\$	\$	\$	\$	\$
Balance as at November 30, 2021	364,793	608,353	1,199	10,318	7,906	992,569
Additions	—	—	—	—	3,018	3,018
Acquisition through business combination (Note 4)	1,090	4,970	—	3,380	—	9,440
Change in control (Note 5)	3,273	16,200	—	—	—	19,473
Foreign exchange	(2,535)	(4,380)	—	—	(35)	(6,950)
Balance as at May 31, 2022	366,621	625,143	1,199	13,698	10,889	1,017,550

Accumulated amortization	Franchise and master franchise rights	Trademarks	Step-in rights	Customer lists	Other	Total
	\$	\$	\$	\$	\$	\$
Balance as at November 30, 2021	164,943	—	978	2,456	3,918	172,295
Change in control (Note 5)	573	—	—	—	—	573
Foreign exchange	(1,002)	—	—	—	(15)	(1,017)
Amortization	12,997	—	60	466	683	14,206
Balance as at May 31, 2022	177,511	—	1,038	2,922	4,586	186,057

Carrying amounts	Franchise and master franchise rights	Trademarks	Step-in rights	Customer lists	Other	Total
	\$	\$	\$	\$	\$	\$
November 30, 2021	199,850	608,353	221	7,862	3,988	820,274
May 31, 2022	189,110	625,143	161	10,776	6,303	831,493

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the three and six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

9. Goodwill

The changes in the carrying amount of goodwill are as follows:

	2022
	\$
Goodwill as at November 30, 2021	490,627
Purchase price allocation (Note 4)	4,838
Change in control (Note 5)	11,946
Foreign exchange	(3,412)
Goodwill as at May 31, 2022	503,999
Accumulated impairment as at November 30, 2021	62,237
Foreign exchange	(701)
Accumulated impairment as at May 31, 2022	61,536
Carrying amounts	
November 30, 2021	428,390
May 31, 2022	442,463

10. Long-term debt

	May 31, 2022	November 30, 2021
	\$	\$
Non-interest-bearing contract cancellation fees and holdbacks on acquisitions ⁽¹⁾	9,143	12,171
Contingent consideration on Kúto Comptoir à Tartares acquisition (Note 4) and 11554891 Canada Inc. (Note 5) ⁽²⁾	5,320	1,961
Fair value of non-controlling interest option in 9974644 Canada Inc. ⁽³⁾	1,695	1,575
Fair value of obligation to repurchase 11554891 Canada Inc. partner (Note 5) ⁽⁴⁾	7,867	1,416
Revolving credit facility payable to a syndicate of lenders ⁽⁵⁾	326,000	345,000
Credit facility financing costs	(1,107)	(1,395)
	348,918	360,728
Less: Current portion	(19,613)	(13,116)
	329,305	347,612

(1) The holdbacks will be repaid within the next 12 months.

(2) Kúto Comptoir à Tartares (payable June 2024) and 11554891 Canada Inc. (payable December 2022).

(3) Payable on demand.

(4) Payable on demand, with a maximum maturity date of December 2024.

(5) Under the revolving credit facility, the Company has the option to draw funds in Canadian or in US dollars, at its discretion. The facility's maturity is April 22, 2024 and must be repaid in full at that time. The revolving credit facility has an authorized amount of \$600,000 (November 30, 2021 – \$600,000). As at May 31, 2022, the Company had drawn US\$253,954 (November 30, 2021 – US\$271,470) and has elected to pay interest based on the London Inter-Bank Offered Rate plus applicable margins.

Under this facility, the Company is required to comply with certain financial covenants, including:

- a debt to EBITDA (earnings before interest, taxes, depreciation, and amortization) ratio that must be less than or equal to 3.50:1.00;
- a debt to EBITDA ratio that must be less than or equal to 4.00:1.00 in the twelve months following acquisitions with a consideration exceeding \$150,000; and
- an interest and rent coverage ratio that must be at least 2.00:1.00 at all times.

As at May 31, 2022, the Company was in compliance with its financial covenants.

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the three and six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

11. Capital stock

On June 28, 2021, the Company announced the renewal of the normal course issuer bid ("NCIB"). The NCIB began on July 3, 2021 and will end on July 2, 2022. The NCIB was again renewed on June 28, 2022 for a period beginning on July 3, 2022 and ending on July 2, 2023 or on such earlier date when the Company completes its purchases or elects to terminate the NCIB. The renewed period allows the Company to purchase 1,220,673 of its common shares. These purchases will be made on the open market plus brokerage fees through the facilities of the TSX and/or alternative trading systems at the prevailing market price at the time of the transaction, in accordance with the TSX's applicable policies. All common shares purchased pursuant to the NCIB will be cancelled.

During the three and six-month periods ended May 31, 2022, the Company repurchased and cancelled a total of nil and 256,400 common shares, respectively (2021 – nil and nil, respectively) under the current NCIB, at a weighted average price of nil and \$57.01 per common share, respectively (2021 – nil and nil, respectively), for a total consideration of nil and \$14,618, respectively (2021 – nil and nil, respectively). An excess of nil and \$11,438, respectively (2021 – nil and nil, respectively) of the shares' repurchase value over their carrying amount was charged to retained earnings as share repurchase premiums.

12. Net income per share

The following table provides the weighted average number of common shares used in the calculation of basic income per share and used for the purpose of diluted income per share:

	Three months ended May 31		Six months ended May 31	
	2022	2021	2022	2021
Weighted daily average number of common shares – basic	24,413,461	24,706,461	24,466,468	24,706,461
Assumed exercise of stock options ⁽¹⁾	10,845	15,905	17,476	11,431
Weighted daily average number of common shares – diluted	24,424,306	24,722,366	24,483,944	24,717,892

⁽¹⁾ The calculation of the assumed exercise of stock options includes the effect of the average unrecognized future compensation cost of dilutive options. The number of excluded options for the three and six-month periods ended May 31, 2022 was 306,668 and 284,446, respectively (2021 – 266,668 and 288,890, respectively).

13. Financial instruments

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, and monitoring procedures.

Fair value of recognized financial instruments

Cross currency interest rate swaps

On May 25, 2022, the Company entered into two (November 30, 2021 – three) floating to floating 1-month cross currency interest rate swaps. A fair value of nil was recorded as at May 31, 2022 (November 30, 2021 – nil). The Company has classified this as level 2 in the fair value hierarchy.

	May 31, 2022		November 30, 2021		
Receive – Notional	US\$155,824	US\$98,130	US\$78,920	US\$180,761	US\$11,789
Receive – Rate	2.21%	2.51%	1.29%	1.29%	1.29%
Pay – Notional	CA\$200,000	CA\$126,000	CA\$100,000	CA\$230,000	CA\$15,000
Pay – Rate	2.45%	2.45%	1.23%	1.09%	1.38%

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the three and six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

13. Financial instruments (continued)

Fair value of recognized financial instruments (continued)

Fair value hierarchy

	Level 3	
	May 31, 2022	November 30, 2021
	\$	\$
Contingent consideration on Küto Comptoir à Tartares acquisition and 11554891 Canada Inc.	5,320	1,961
Non-controlling interest buyback options	1,695	1,575
Obligation to repurchase 11554891 Canada Inc. partner	7,867	1,416
Financial liabilities	14,882	4,952

The Company has determined that the fair values of its financial assets and financial liabilities with short-term and long-term maturities approximate their carrying value. These financial instruments include cash, accounts receivable, accounts payable and accrued liabilities, deposits and other liabilities. The table below shows the fair value and the carrying amount of other financial instruments as at May 31, 2022 and November 30, 2021. 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.

	May 31, 2022		November 30, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Financial assets				
Loans and other receivables	4,159	4,159	4,238	4,238
Finance lease receivables	365,096	365,096	399,269	399,269
Financial liabilities				
Long-term debt ⁽¹⁾	335,143	335,143	357,171	357,189

⁽¹⁾ Excludes contingent consideration on Küto Comptoir à Tartares acquisition and 11554891 Canada Inc., cross currency interest rate swaps, credit facility financing costs and obligation to repurchase 11554891 Canada Inc. partner.

Determination of fair value

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

Loans and other receivables and Finance lease receivables – The carrying amount for these financial instruments approximates fair value due to the short-term maturity of these instruments and/or the use of market interest rates.

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 similar debt.

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the three and six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

14. Revenue

	Three months ended					
	May 31, 2022			May 31, 2021		
	Canada	US & International	TOTAL	Canada	US & International	TOTAL
	\$	\$	\$	\$	\$	\$
Royalties	21,470	32,565	54,035	13,137	31,433	44,570
Franchise and transfer fees	1,201	2,363	3,564	1,173	927	2,100
Retail, food processing and distribution revenues	41,903	1,466	43,369	31,580	1,254	32,834
Sale of goods, including construction revenue	8,670	6,316	14,986	5,007	11,558	16,565
Gift card breakage income	192	1,438	1,630	42	1,150	1,192
Promotional funds	10,516	16,054	26,570	7,119	14,927	22,046
Other franchising revenue	8,792	7,014	15,806	6,905	6,702	13,607
Other	736	1,822	2,558	875	2,068	2,943
	93,480	69,038	162,518	65,838	70,019	135,857

	Six months ended					
	May 31, 2022			May 31, 2021		
	Canada	US & International	TOTAL	Canada	US & International	TOTAL
	\$	\$	\$	\$	\$	\$
Royalties	37,711	60,738	98,449	23,535	58,112	81,647
Franchise and transfer fees	2,475	3,713	6,188	2,412	1,862	4,274
Retail, food processing and distribution revenues	78,267	2,874	81,141	60,100	2,469	62,569
Sale of goods, including construction revenue	16,497	11,956	28,453	8,719	23,384	32,103
Gift card breakage income	302	2,824	3,126	116	2,303	2,419
Promotional funds	19,657	30,901	50,558	13,027	28,937	41,964
Other franchising revenue	16,405	12,852	29,257	12,205	11,607	23,812
Other	1,735	4,105	5,840	1,663	4,366	6,029
	173,049	129,963	303,012	121,777	133,040	254,817

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the three and six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

15. Operating expenses

	Three months ended					
	May 31, 2022			May 31, 2021		
	Canada	US & International	TOTAL	Canada	US & International	TOTAL
	\$	\$	\$	\$	\$	\$
Cost of goods sold and rent	3,038	3,341	6,379	2,694	4,826	7,520
Retail, food processing and distribution costs	37,934	—	37,934	28,352	—	28,352
Wages and benefits	14,304	13,378	27,682	10,743	14,363	25,106
Wage and rent subsidies	—	—	—	(1,927)	—	(1,927)
Consulting and professional fees	2,272	1,724	3,996	1,545	1,693	3,238
Gift cards – related costs	—	1,546	1,546	—	1,418	1,418
Royalties	10	2,296	2,306	2	2,024	2,026
Promotional funds ⁽¹⁾	10,516	16,054	26,570	7,119	14,927	22,046
(Reversal of) impairment for expected credit losses	(458)	103	(355)	(855)	(430)	(1,285)
Other ⁽²⁾	4,581	4,230	8,811	2,109	3,659	5,768
	72,197	42,672	114,869	49,782	42,480	92,262

	Six months ended					
	May 31, 2022			May 31, 2021		
	Canada	US & International	TOTAL	Canada	US & International	TOTAL
	\$	\$	\$	\$	\$	\$
Cost of goods sold and rent	7,233	6,243	13,476	4,414	10,196	14,610
Retail, food processing and distribution costs	71,247	—	71,247	54,254	—	54,254
Wages and benefits	27,653	26,828	54,481	20,465	28,301	48,766
Wage and rent subsidies	—	—	—	(4,280)	(291)	(4,571)
Consulting and professional fees	3,817	3,279	7,096	3,238	3,241	6,479
Gift cards – related costs	—	3,756	3,756	—	2,876	2,876
Royalties	14	3,794	3,808	3	3,440	3,443
Promotional funds ⁽¹⁾	19,657	30,901	50,558	13,027	28,937	41,964
Reversal of impairment for expected credit losses	(263)	(320)	(583)	(609)	(1,188)	(1,797)
Other ⁽²⁾	7,685	8,202	15,887	4,686	7,720	12,406
	137,043	82,683	219,726	95,198	83,232	178,430

⁽¹⁾ Promotional fund expenses include wages and benefits.

⁽²⁾ Other operating expenses are composed mainly of travel and promotional costs, and other office administration expenses.

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the three and six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

16. Segmented information

Management monitors and evaluates results of the Company based on geographical segments, these two segments being Canada and US & International. The Company and its chief operating decision maker assess the performance of each operating segment based on its segment profit and loss, which is equal to revenue less operating expenses. Within those geographical segments, the Company's chief operating decision maker also assesses the performance of subdivisions based on the type of product or service provided. These subdivisions include franchising, corporate stores, processing, distribution and retail and promotional fund revenues and expenses. This information is disclosed below.

Below is a summary of each geographical and operating segment's performance for the three-month period ended May 31, 2022.

	CANADA						US & INTERNATIONAL						Total consolidated
	Franchising	Corporate	Processing, distribution and retail	Promotional funds	Interco	Total Canada	Franchising	Corporate	Processing, distribution and retail	Promotional funds	Interco	Total US &	
												International	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Revenue	33,555	7,701	42,063	10,516	(355)	93,480	46,563	5,174	1,466	16,054	(219)	69,038	162,518
Operating expenses	16,713	7,476	37,941	10,516	(449)	72,197	20,760	5,983	—	16,054	(125)	42,672	114,869
Segment profit (loss)	16,842	225	4,122	—	94	21,283	25,803	(809)	1,466	—	(94)	26,366	47,649

Below is a summary of each geographical and operating segment's performance for the three-month period ended May 31, 2021.

	CANADA						US & INTERNATIONAL						Total consolidated
	Franchising	Corporate	Processing, distribution and retail	Promotional funds	Interco	Total Canada	Franchising	Corporate	Processing, distribution and retail	Promotional funds	Interco	Total US &	
												International	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Revenue	23,057	4,318	31,723	7,119	(379)	65,838	43,998	10,375	1,254	14,927	(535)	70,019	135,857
Operating expenses	11,365	3,466	28,297	7,119	(465)	49,782	17,845	10,157	—	14,927	(449)	42,480	92,262
Segment profit (loss)	11,692	852	3,426	—	86	16,056	26,153	218	1,254	—	(86)	27,539	43,595

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the three and six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

16. Segmented information (continued)

Below is a summary of each geographical and operating segment's performance for the six-month period ended May 31, 2022.

	CANADA						US & INTERNATIONAL						Total consolidated
	Franchising	Corporate	Processing, distribution and retail	Promotional funds	Interco	Total Canada	Franchising	Corporate	Processing, distribution and retail	Promotional funds	Interco	Total US & International	
Revenue	61,973	13,534	78,599	19,657	(714)	173,049	86,856	9,773	2,874	30,901	(441)	129,963	303,012
Operating expenses	33,184	13,810	71,279	19,657	(887)	137,043	40,456	11,594	—	30,901	(268)	82,683	219,726
Segment profit (loss)	28,789	(276)	7,320	—	173	36,006	46,400	(1,821)	2,874	—	(173)	47,280	83,286

Below is a summary of each geographical and operating segment's performance for the six-month period ended May 31, 2021.

	CANADA						US & INTERNATIONAL						Total consolidated
	Franchising	Corporate	Processing, distribution and retail	Promotional funds	Interco	Total Canada	Franchising	Corporate	Processing, distribution and retail	Promotional funds	Interco	Total US & International	
Revenue	41,406	7,660	60,440	13,027	(756)	121,777	82,047	20,674	2,469	28,937	(1,087)	133,040	254,817
Operating expenses	22,421	6,403	54,264	13,027	(917)	95,198	34,869	20,352	—	28,937	(926)	83,232	178,430
Segment profit (loss)	18,985	1,257	6,176	—	161	26,579	47,178	322	2,469	—	(161)	49,808	76,387

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the three and six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

17. Condensed interim consolidated statement of cash flows

Changes in non-cash working capital items are as follows:

	Three months ended May 31		Six months ended May 31	
	2022	2021	2022	2021
	\$	\$	\$	\$
Accounts receivable	(4,044)	(2,473)	(8,088)	(7,048)
Inventories	(620)	(843)	(561)	(1,660)
Loans receivable	(17)	235	(6)	174
Other assets	(761)	(825)	(1,229)	95
Prepaid expenses and deposits	274	(2,286)	(1,302)	(4,558)
Accounts payable and accrued liabilities	(6,503)	(353)	1,605	5,077
Provisions	215	(146)	(83)	(1,439)
Gift card and loyalty program liabilities	(879)	405	6,065	5,003
Deferred revenue and deposits	389	913	1,084	3,023
	(11,946)	(5,373)	(2,515)	(1,333)

18. 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.

Remuneration of key management personnel and directors

The remuneration of key management personnel and directors, presented in Wages and benefits and Other in Note 15 of the financial statements, was as follows:

	Three months ended May 31		Six months ended May 31	
	2022	2021	2022	2021
	\$	\$	\$	\$
Short-term benefits ⁽¹⁾	1,044	850	1,953	1,577
Share-based compensation	300	233	619	472
Consulting fees	69	—	136	—
Board member fees ⁽¹⁾	20	19	39	38
Total remuneration of key management personnel and directors	1,433	1,102	2,747	2,087

⁽¹⁾ Prior year amounts have been restated to reflect prior period adjustments.

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the three and six-month periods ended May 31, 2022 and 2021

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

18. Related party transactions (continued)

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

Given its widely held share base, the Company does not have an ultimate controlling party; one of its most important shareholders is its Chair of the Board of Directors, who controls 16.4% of the outstanding shares.