

---

Condensed  
interim consolidated financial statements of  
**MTY Food Group Inc.**

For the three and nine-month periods ended August 31, 2023 and 2022

---

# MTY Food Group Inc.

## Condensed interim consolidated statements of income

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

	Notes	Three months ended August 31		Nine months ended August 31	
		2023	2022	2023	2022
		\$	\$	\$	\$
<b>Revenue</b>	16 & 18	<b>298,080</b>	171,540	<b>889,302</b>	474,552
<b>Expenses</b>					
Operating expenses	17 & 18	<b>225,210</b>	122,620	<b>678,921</b>	342,346
Depreciation – property, plant and equipment and right-of-use assets	8 & 9	<b>14,460</b>	3,995	<b>43,188</b>	11,487
Amortization – intangible assets	10	<b>8,658</b>	7,279	<b>26,505</b>	21,485
Interest on long-term debt		<b>12,780</b>	2,706	<b>39,692</b>	5,953
Net interest expense on leases	8	<b>3,421</b>	498	<b>8,464</b>	1,472
Impairment charge – right-of-use assets	8	<b>168</b>	541	<b>274</b>	662
Impairment charge – property, plant and equipment	9	<b>—</b>	—	<b>—</b>	535
		<b>264,697</b>	137,639	<b>797,044</b>	383,940
<b>Other income (expenses)</b>					
Unrealized and realized foreign exchange gain (loss)		<b>3,598</b>	(5,436)	<b>20</b>	(3,887)
Interest income		<b>196</b>	74	<b>815</b>	222
(Loss) gain on de-recognition/lease modification of lease liabilities		<b>(442)</b>	(144)	<b>(682)</b>	678
Gain (loss) on disposal of property, plant and equipment		<b>609</b>	207	<b>(385)</b>	20
Revaluation of financial liabilities and derivatives recorded at fair value	15	<b>3,933</b>	(165)	<b>3,094</b>	1,232
Loss on remeasurement of joint venture interest		<b>—</b>	—	<b>—</b>	(2,769)
		<b>7,894</b>	(5,464)	<b>2,862</b>	(4,504)
<b>Income before taxes</b>		<b>41,277</b>	28,437	<b>95,120</b>	86,108
<b>Income tax expense</b>					
Current		<b>1,843</b>	4,035	<b>10,627</b>	17,372
Deferred		<b>361</b>	1,833	<b>(3,530)</b>	779
		<b>2,204</b>	5,868	<b>7,097</b>	18,151
<b>Net income</b>		<b>39,073</b>	22,569	<b>88,023</b>	67,957
<b>Net income attributable to:</b>					
<b>Owners</b>		<b>38,892</b>	22,435	<b>87,638</b>	67,691
<b>Non-controlling interests</b>		<b>181</b>	134	<b>385</b>	266
		<b>39,073</b>	22,569	<b>88,023</b>	67,957
<b>Net income per share</b>	14				
Basic		<b>1.59</b>	0.92	<b>3.59</b>	2.77
Diluted		<b>1.59</b>	0.92	<b>3.58</b>	2.77

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**

For the three and nine-month periods ended August 31, 2023 and 2022

(In thousands of Canadian dollars)

(Unaudited)

	Three months ended August 31		Nine months ended August 31	
	2023	2022	2023	2022
	\$	\$	\$	\$
<b>Net income</b>	<b>39,073</b>	22,569	<b>88,023</b>	67,957
<b>Other comprehensive (loss) income</b>				
<b>Items that may be reclassified subsequently to net income</b>				
<b>Translation adjustments</b>				
Unrealized (loss) gain on translation of foreign operations	(6,943)	25,154	2,446	17,278
<b>Cash flow hedges</b>				
Change in fair value of financial instruments	4,694	—	9,400	—
Gain realized on financial instruments transferred to earnings	(1,261)	—	(1,865)	—
<b>Deferred tax expense on foreign currency translation adjustments and cash flow hedges</b>	(476)	—	(2,393)	—
	<b>(3,986)</b>	25,154	<b>7,588</b>	17,278
<b>Total comprehensive income</b>	<b>35,087</b>	47,723	<b>95,611</b>	85,235
<b>Total comprehensive income attributable to:</b>				
<b>Owners</b>	<b>34,906</b>	47,589	<b>95,226</b>	84,969
<b>Non-controlling interests</b>	<b>181</b>	134	<b>385</b>	266
	<b>35,087</b>	47,723	<b>95,611</b>	85,235

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 nine-month periods ended August 31, 2023 and 2022

(In thousands of Canadian dollars)

(Unaudited)

	Reserves				Total reserves	Retained earnings	Equity attributable to owners	Equity attributable to non-controlling interests	Total
	Capital stock	Other	Contributed surplus	Accumulated other comprehensive income (Note 6)					
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>For the nine months ended August 31, 2023</b>									
Balance, beginning of period	302,781	(850)	4,857	13,766	17,773	402,854	723,408	1,218	724,626
Net income	—	—	—	—	—	87,638	87,638	385	88,023
Other comprehensive income	—	—	—	7,588	7,588	—	7,588	—	7,588
Total comprehensive income							95,226	385	95,611
Dividends	—	—	—	—	—	(18,310)	(18,310)	(183)	(18,493)
Share-based compensation	—	—	611	—	611	—	611	—	611
<b>Balance, end of period</b>	<b>302,781</b>	<b>(850)</b>	<b>5,468</b>	<b>21,354</b>	<b>25,972</b>	<b>472,182</b>	<b>800,935</b>	<b>1,420</b>	<b>802,355</b>

	Reserves				Total reserves	Retained earnings	Equity attributable to owners	Equity attributable to non-controlling interests	Total
	Capital stock	Other	Contributed surplus	Accumulated other comprehensive loss (Note 6)					
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>For the nine months ended August 31, 2022</b>									
Balance, beginning of period	305,961	(850)	3,855	(21,320)	(18,315)	359,993	647,639	1,259	648,898
Net income	—	—	—	—	—	67,691	67,691	266	67,957
Other comprehensive income	—	—	—	17,278	17,278	—	17,278	—	17,278
Total comprehensive income							84,969	266	85,235
Shares repurchased and cancelled (Note 13)	(3,180)	—	—	—	—	(11,438)	(14,618)	—	(14,618)
Dividends	—	—	—	—	—	(15,392)	(15,392)	(280)	(15,672)
Share-based compensation	—	—	788	—	788	—	788	—	788
<b>Balance, end of period</b>	<b>302,781</b>	<b>(850)</b>	<b>4,643</b>	<b>(4,042)</b>	<b>(249)</b>	<b>400,854</b>	<b>703,386</b>	<b>1,245</b>	<b>704,631</b>

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 August 31, 2023 and November 30, 2022

(In thousands of Canadian dollars)

(Unaudited)

		August 31, 2023	November 30, 2022
	Notes	\$	\$ <i>Restated (Note 5)</i>
<b>Assets</b>			
Current assets			
Cash		54,296	59,479
Accounts receivable	7	82,151	77,373
Inventories		19,064	18,517
Assets held for sale		2,146	2,111
Current portion of loans and other receivables		865	1,153
Current portion of finance lease receivables	8	80,773	83,500
Income taxes receivable		10,527	3,982
Current portion of derivative assets	15	3,327	—
Other assets		4,427	3,032
Prepaid expenses and deposits		15,840	14,906
		<b>273,416</b>	<b>264,053</b>
Loans and other receivables			
Loans and other receivables		2,601	3,407
Finance lease receivables	8	248,794	255,276
Contract cost asset		7,060	6,455
Deferred income taxes		4,139	224
Derivative assets	15	6,320	—
Property, plant and equipment	9	113,372	90,081
Right-of-use assets	8	179,032	159,815
Intangible assets	10	1,119,023	1,003,298
Goodwill	11	728,438	547,756
		<b>2,682,195</b>	<b>2,330,365</b>
<b>Liabilities and Shareholders' equity</b>			
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		156,068	153,999
Provisions		2,747	1,490
Gift card and loyalty program liabilities		140,002	133,206
Income taxes payable		1,938	9,813
Current portion of deferred revenue and deposits		16,064	16,468
Current portion of long-term debt	12	11,698	9,530
Current portion of lease liabilities	8	114,646	114,522
		<b>443,163</b>	<b>439,028</b>
Long-term debt			
Long-term debt	12	772,640	551,429
Lease liabilities	8	413,185	400,401
Deferred revenue and deposits		52,392	48,405
Deferred income taxes		198,274	165,834
Other liabilities		186	642
		<b>1,879,840</b>	<b>1,605,739</b>

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

As at August 31, 2023 and November 30, 2022

(In thousands of Canadian dollars)

(Unaudited)

		<b>August 31, 2023</b>	November 30, 2022
	Notes	\$	\$
<b>Shareholders' equity</b>			<i>Restated (Note 5)</i>
Equity attributable to owners			
Capital stock	13	<b>302,781</b>	302,781
Reserves		<b>25,972</b>	17,773
Retained earnings		<b>472,182</b>	402,854
		<b>800,935</b>	723,408
Equity attributable to non-controlling interests		<b>1,420</b>	1,218
		<b>802,355</b>	724,626
		<b>2,682,195</b>	2,330,365

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

Approved by the Board on October 10, 2023

\_\_\_\_\_, Director

\_\_\_\_\_, Director

# MTY Food Group Inc.

## Condensed interim consolidated statements of cash flows

For the three and nine-month periods ended August 31, 2023 and 2022

(In thousands of Canadian dollars)

(Unaudited)

	Notes	Three months ended August 31		Nine months ended August 31	
		2023	2022	2023	2022
		\$	\$	\$	\$
<b>Operating activities</b>					
Net income		39,073	22,569	88,023	67,957
Adjusting items:					
Interest on long-term debt		12,780	2,706	39,692	5,953
Net interest expense on leases	8	3,421	498	8,464	1,472
Depreciation – property, plant and equipment and right-of-use assets	8 & 9	14,460	3,995	43,188	11,487
Amortization – intangible assets	10	8,658	7,279	26,505	21,485
Impairment charge – property, plant and equipment	9	—	—	—	535
Impairment charge – right-of-use assets	8	168	541	274	662
Unrealized foreign exchange (gain) loss <sup>(1)</sup>		(3,598)	5,436	(20)	3,887
Loss (gain) on de-recognition/lease modification of lease liabilities		442	144	682	(678)
(Gain) loss on disposal of property, plant and equipment		(609)	(207)	385	(20)
Revaluation of financial liabilities and derivatives recorded at fair value	15	(3,933)	165	(3,094)	(1,232)
Loss on remeasurement of joint venture interest		—	—	—	2,769
Income tax expense		2,204	5,868	7,097	18,151
Share-based compensation		190	234	611	788
		<b>73,256</b>	<b>49,228</b>	<b>211,807</b>	<b>133,216</b>
Income taxes paid		(7,600)	(3,529)	(24,923)	(12,223)
Interest paid		(12,364)	(2,562)	(38,228)	(5,501)
Other		507	132	(332)	(822)
Changes in non-cash working capital items <sup>(2)</sup>	19	(2,054)	(995)	(9,549)	(3,510)
Cash flows provided by operating activities		<b>51,745</b>	<b>42,274</b>	<b>138,775</b>	<b>111,160</b>
<b>Investing activities</b>					
Considerations on acquisitions	5	(1,402)	—	(299,767)	(11,270)
Cash acquired through acquisitions and change in control	5	—	—	9,349	502
Additions to property, plant and equipment	9	(7,962)	(1,327)	(26,889)	(5,970)
Additions to intangible assets	10	(696)	(713)	(1,209)	(3,731)
Proceeds on disposal of property, plant and equipment		375	666	1,102	845
Cash flows used in investing activities		<b>(9,685)</b>	<b>(1,374)</b>	<b>(317,414)</b>	<b>(19,624)</b>

## MTY Food Group Inc.

### Condensed interim consolidated statements of cash flows (continued)

For the three and nine-month periods ended August 31, 2023 and 2022

(In thousands of Canadian dollars)

(Unaudited)

	Notes	Three months ended August 31		Nine months ended August 31	
		2023	2022	2023	2022
		\$	\$	\$	\$
<b>Financing activities</b>					
Issuance of long-term debt		—	—	306,660	—
Repayment of long-term debt		(26,329)	(34,160)	(82,743)	(56,355)
Net lease payments	8	(11,082)	(3,598)	(32,716)	(11,599)
Shares repurchased and cancelled	13	—	—	—	(14,618)
Capitalized financing costs		(97)	—	(157)	—
Dividends paid to non-controlling shareholders of subsidiaries		(45)	—	(183)	(280)
Dividends paid		(6,103)	(5,127)	(18,310)	(15,392)
Cash flows (used in) provided by financing activities		(43,656)	(42,885)	172,551	(98,244)
Net decrease in cash		(1,596)	(1,985)	(6,088)	(6,708)
Effect of foreign exchange rate changes on cash <sup>(1 &amp; 2)</sup>		(650)	1,040	905	771
Cash, beginning of period <sup>(2)</sup>		56,542	56,239	59,479	61,231
<b>Cash, end of period</b>		<b>54,296</b>	<b>55,294</b>	<b>54,296</b>	<b>55,294</b>

(1) Prior year amounts have been restated to reflect a reclassification between cash flows provided by operating activities and the effect of foreign exchange rate changes on cash.

(2) The Company has reassessed the presentation of certain acquisition accounts, leading to the reclassification of accounts that were previously reported as Accounts payable and accrued liabilities to Cash in the amount of \$6,054.

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.	Change in accounting policies	12
4.	Future accounting changes	12
5.	Business acquisitions	14
6.	Accumulated other comprehensive income (loss)	20
7.	Accounts receivable	21
8.	Leases	21
9.	Property, plant and equipment	24
10.	Intangible assets	25
11.	Goodwill	26
12.	Long-term debt	26
13.	Capital stock	27
14.	Net income per share	27
15.	Financial instruments	27
16.	Revenue	30
17.	Operating expenses	31
18.	Segmented information	33
19.	Condensed interim consolidated statement of cash flows	35

# MTY Food Group Inc.

## Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

(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, 2022, prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"), with the exception of:

- hedging and derivative financial instruments as disclosed below;
- fixed interest rate swaps as disclosed below; and
- IAS 37 as disclosed in Note 3 to these financial statements.

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, 2022.

The financial statements were authorized for issue by the Board of Directors on October 10, 2023.

# MTY Food Group Inc.

## Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

### 2. Basis of preparation (continued)

#### Hedging and derivative financial instruments

The Company applies general hedge accounting requirements of IFRS 9, Financial Instruments.

#### Fixed interest rate swaps

Periodically, the Company uses fixed interest rate swaps to manage the interest rate risk associated with its borrowings from its credit facility. Where the general hedge accounting requirements are met, the Company designates those fixed interest rate swaps as a cash flow hedge of the interest from its credit facility. Accordingly, changes in the fair value of the derivative financial instruments, which are included in Current portion of derivative assets and Derivative assets, are recognized in Other comprehensive income. Realized gains and losses in Accumulated other comprehensive income are reclassified to Interest on long-term debt over the same periods as the interest expense on the long-term debt is recognized in earnings.

#### Financial instruments

##### *Classification of financial liabilities*

Financial liabilities are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method with gains and losses recognized in net income in the period that the liability is derecognized, except for financial liabilities classified as fair value through profit or loss ("FVTPL"). These financial liabilities, including derivative liabilities and certain obligations, are subsequently measured at fair value with changes in fair value recorded in net income in the period in which they arise. Financial liabilities designated as FVTPL are recorded at fair value with changes in fair value attributable to changes in the Company's own credit risk recorded in net income.

##### **Financial liabilities classification:**

Accounts payable and accrued liabilities	Amortized cost
Revolving credit facility	Amortized cost
Non-interest-bearing contract cancellation fees and holdbacks	Amortized cost
Contingent consideration related to the acquisition of Küto Comptoir à Tartares	FVTPL
Contingent consideration related to the 70% interest in 11554891 Canada Inc.	FVTPL
Non-controlling interest buyback obligation	FVTPL
Obligation to repurchase 11554891 Canada Inc. partner	FVTPL
Derivative financial instruments	FVTPL
Derivative financial instruments designated as cash flow hedges	FVTPL subject to hedge accounting requirements

#### 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.

## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 3. Change in accounting policies

##### Policy applicable beginning December 1, 2022

##### 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”. 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 were adopted effective December 1, 2022 and resulted in no significant adjustment.

#### 4. 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 nine-month periods ended August 31, 2023 and have not been applied in preparing these 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 1, Presentation of Financial Statements	January 2020, July 2020, February 2021 & October 2022	December 1, 2024	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
IFRS 16, Leases	September 2022	December 1, 2024	In assessment
IAS 21, The Effects of Changes in Foreign Exchange Rates	August 2023	December 1, 2025	In assessment

##### 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.

# MTY Food Group Inc.

## Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

---

### 4. Future accounting changes (continued)

#### IAS 1, Presentation of Financial Statements (continued)

In October 2022, the IASB published *Non-current Liabilities with Covenants (Amendments to IAS 1)* to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments modify the requirements introduced by *Classification of Liabilities as Current or Non-current* on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances: only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments also defer the effective date of the 2020 amendments to January 1, 2024.

The amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. The Company will adopt the amendments on December 1, 2024.

#### 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.

#### IFRS 16, Leases

In September 2022, the IASB issued *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)* with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15, Revenue from Contracts with Customers, to be accounted for as a sale. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments to IFRS 16 are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. The Company will adopt the amendments on December 1, 2024.

#### IAS 21, The Effects of Changes in Foreign Exchange Rates

In August 2023, the IASB published *Lack of Exchangeability (Amendments to IAS 21)*. The amendments specify when a currency is exchangeable into another currency and when it is not, specify how an entity determines the exchange rate to apply when a currency is not exchangeable, and require the disclosure of additional information when a currency is not exchangeable. The amendments to IAS 21 are effective for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted. The Company will adopt the amendments on December 1, 2025.

## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 5. Business acquisitions

##### I) Sauce Pizza and Wine (2023)

On December 15, 2022, one of the Company's wholly owned subsidiaries completed the acquisition of the assets of Sauce Pizza and Wine, an operator of fast casual restaurants operating in the state of Arizona in the US. As of the date of the acquisition, Sauce Pizza and Wine was operating 13 corporate-owned restaurants. The purpose of the transaction was to diversify the Company's range of offerings in the US.

The transaction included a purchase price totaling \$15,228 (US\$11,165) and a holdback on acquisition of \$1,089 (US\$798), as detailed below. The resulting aggregate cash outflow in connection with the Sauce Pizza and Wine acquisition was \$13,613 (US\$9,980).

The Company has not yet completed its fair value assessment of all assets acquired and liabilities assumed in connection with the Sauce Pizza and Wine acquisition. The most significant aspects remaining to be finalized relate to the valuation of property, plant and equipment, trademark and gift card and loyalty program liabilities. Consequently, the table below presents management's preliminary assessment of the fair values of the assets acquired and the liabilities assumed. The final determination of the fair values will be made within 12 months of the acquisition date. Accordingly, the following values, including goodwill, are subject to change and such changes may be material.

	<b>2023</b>
	<b>\$</b>
Consideration paid:	
Purchase price	<b>15,228</b>
Working capital	<b>(473)</b>
Cash	<b>31</b>
Discount on non-interest-bearing holdback	<b>(53)</b>
Total consideration	<b>14,733</b>
Cash	<b>(31)</b>
Holdback	<b>(1,089)</b>
Net consideration paid/cash outflow	<b>13,613</b>

## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 5. Business acquisitions (continued)

##### I) Sauce Pizza and Wine (2023) (continued)

The preliminary purchase price allocation is as follows:

	<b>2023</b>
	<b>\$</b>
Net assets acquired:	
Current assets	
Cash	31
Inventories	250
Prepaid expenses and deposits	161
	<b>442</b>
Property, plant and equipment	5,212
Right-of-use assets	9,913
Intangible assets – Trademark	5,306
Goodwill <sup>(1)</sup>	7,172
	<b>28,045</b>
Current liabilities	
Accounts payable and accrued liabilities	107
Gift card and loyalty program liabilities	3,155
Current portion of lease liabilities	1,661
	<b>4,923</b>
Lease liabilities	8,389
	<b>13,312</b>
Net purchase price	<b>14,733</b>

<sup>(1)</sup> Goodwill is deductible for tax purposes.

Total expenses incurred related to acquisition costs amounted to \$215.

From December 15, 2022 to August 31, 2023, the Company's condensed interim consolidated statement of income included revenue of \$24,391 and net income of \$1,058 attributable to Sauce Pizza and Wine.

The acquisition of Sauce Pizza and Wine would not have had a significant impact on the Company's revenue and net income for the nine-month period ended August 31, 2023 if the acquisition had occurred on December 1, 2022.

## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 5. Business acquisitions (continued)

##### II) Wetzel's Pretzels (2023)

On December 8, 2022, one of the Company's wholly owned subsidiaries completed the acquisition of all of the issued and outstanding shares of COP WP Parent, Inc. ("Wetzel's Pretzels"), a franchisor and operator of quick service restaurants operating in the snack category across 25 states in the US, as well as in Canada and Panama. As of the date of the acquisition, Wetzel's Pretzels was operating 328 franchised and 38 corporate-owned restaurants. The purpose of the transaction was to diversify the Company's range of offerings in the US.

The transaction included a purchase price totaling \$284,721 (US\$209,632), as detailed below. The resulting aggregate cash outflow in connection with the Wetzel's Pretzels acquisition was \$275,403 (US\$202,772). The transaction consideration also includes US\$3,000 held in escrow contingent on the completion of a lease contract.

The Company has not yet completed its fair value assessment of all assets acquired and liabilities assumed in connection with the Wetzel's Pretzels acquisition. The most significant aspects remaining to be finalized relate to the valuation of property, plant and equipment, franchise rights, trademark and deferred income taxes. Consequently, the table below presents management's preliminary assessment of the fair values of the assets acquired and the liabilities assumed. The final determination of the fair values will be made within 12 months of the acquisition date. Accordingly, the following values, including goodwill, are subject to change and such changes may be material.

	<b>2023</b>
	<b>\$</b>
Consideration paid:	
Purchase price	<b>284,721</b>
Total consideration	<b>284,721</b>
Cash	<b>(9,318)</b>
Net consideration paid/cash outflow	<b>275,403</b>



## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 5. Business acquisitions (continued)

##### II) Wetzel's Pretzels (2023) (continued)

The preliminary purchase price allocation is as follows:

	2023
	\$
Net assets acquired:	
Current assets	
Cash	9,318
Accounts receivable	1,364
Inventories	360
Current portion of loans and other receivables	61
Current portion of finance lease receivables	2,529
Prepaid expenses and deposits	1,028
	14,660
Loans and other receivables	807
Finance lease receivables	8,684
Property, plant and equipment	7,578
Right-of-use assets	18,440
Intangible assets – Franchise rights	42,783
Intangible assets – Trademark	92,358
Goodwill <sup>(1)</sup>	172,143
	357,453
Current liabilities	
Accounts payable and accrued liabilities	11,993
Gift card and loyalty program liabilities	134
Current portion of deferred revenue and deposits	1,117
Current portion of lease liabilities	4,908
	18,152
Lease liabilities	24,878
Deferred income taxes	29,697
Other liabilities	5
	72,732
Net purchase price	284,721

<sup>(1)</sup> Goodwill is partially deductible for tax purposes.

Total expenses incurred related to acquisition costs amounted to \$433.

From December 8, 2022 to August 31, 2023, the Company's condensed interim consolidated statement of income included revenue of \$57,967 and net income of \$11,390 attributable to Wetzel's Pretzels.

## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 5. Business acquisitions (continued)

##### II) Wetzel's Pretzels (2023) (continued)

The following unaudited pro forma information for the nine-month period ended August 31, 2023 represents the Company's results of operations as if the acquisition of Wetzel's Pretzels had occurred on December 1, 2022. This pro forma information does not purport to be indicative of the results that would have occurred for the period presented or that may be expected in the future.

	2023
	\$
Revenue	891,293
Net income	89,366

##### III) BBQ Holdings (2022)

On September 27, 2022, the Company completed the acquisition of all of the issued and outstanding common shares of BBQ Holdings, Inc. ("BBQ Holdings"). BBQ Holdings is a franchisor and operator of casual and fast casual dining restaurants across 37 states in the US, Canada, and the United Arab Emirates. As of the date of the acquisition, BBQ Holdings was operating 198 franchised and 103 corporate-owned restaurants under 10 different brands. The purpose of the transaction was to diversify the Company's range of offerings in the US as well as to bring proficiency in operating corporate-owned restaurants.

The transaction included a purchase consideration totaling \$250,443 (US\$182,458), repayment of long-term debt of \$33,800 (US\$24,625) and early cash settlement of stock options and restricted stock units of \$14,006 (US\$10,204), as detailed below. The resulting aggregate cash outflow in connection with the BBQ Holdings acquisition was \$284,298 (US\$207,123).

	As previously reported	Adjustments	2022
			\$
Consideration paid:			
Cash	250,443	—	250,443
Amount paid for early settlement of options	13,951	—	13,951
Cash amount paid for early settlement of options <sup>(1)</sup>	—	55	55
Total consideration	264,394	55	264,449
Cash consideration paid	250,443	55	250,498
Repayment of long-term debt	33,800	—	33,800
Net consideration paid/cash outflow	284,243	55	284,298

## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 5. Business acquisitions (continued)

##### III) BBQ Holdings (2022) (continued)

The final purchase price allocation is as follows:

	As previously reported	Adjustments	2022 \$
Net assets acquired:			
Current assets			
Cash	28,269	—	28,269
Accounts receivable <sup>(1)</sup>	8,026	(738)	7,288
Inventories	5,289	—	5,289
Income taxes receivable	1,228	—	1,228
Other assets <sup>(1)</sup>	247	(247)	—
Prepaid expenses and deposits <sup>(1)</sup>	1,849	372	2,221
	<u>44,908</u>	<u>(613)</u>	<u>44,295</u>
Loans and other receivables <sup>(1)</sup>	196	120	316
Property, plant and equipment <sup>(1)</sup>	74,448	(810)	73,638
Right-of-use assets <sup>(1)</sup>	109,260	111	109,371
Intangible assets – Franchise rights <sup>(1)</sup>	11,159	(1,880)	9,279
Intangible assets – Trademarks <sup>(1)</sup>	166,689	(10,995)	155,694
Intangible assets – Other <sup>(1)</sup>	1,382	710	2,092
Goodwill <sup>(2)</sup>	72,039	18,500	90,539
	<u>480,081</u>	<u>5,143</u>	<u>485,224</u>
Current liabilities			
Accounts payable and accrued liabilities <sup>(1)</sup>	31,769	(1,060)	30,709
Gift card and loyalty program liabilities <sup>(1)</sup>	10,444	5,095	15,539
Current portion of deferred revenue and deposits <sup>(1)</sup>	583	(583)	—
Current portion of lease liabilities <sup>(1)</sup>	17,241	85	17,326
	<u>60,037</u>	<u>3,537</u>	<u>63,574</u>
Long-term debt	33,800	—	33,800
Lease liabilities <sup>(1)</sup>	92,019	25	92,044
Deferred income taxes <sup>(1)</sup>	29,000	1,440	30,440
Other liabilities <sup>(1)</sup>	831	86	917
	<u>215,687</u>	<u>5,088</u>	<u>220,775</u>
Net purchase price	<u>264,394</u>	<u>55</u>	<u>264,449</u>

(1) The Company has recorded adjustments to its previously reported preliminary purchase price allocation reported in the fourth quarter of 2022. The adjustments relate to the fair values of accounts receivable, other assets, prepaid expenses and deposits, loans and other receivables, property, plant and equipment, right-of-use assets, franchise rights, trademarks, other intangible assets, accounts payable and accrued liabilities, gift card and loyalty program liabilities, current portion of deferred revenue and deposits, current portion of lease liabilities, lease liabilities, deferred income taxes and other liabilities.

(2) Goodwill is deductible for tax purposes.

## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 5. Business acquisitions (continued)

##### III) BBQ Holdings (2022) (continued)

Total expenses incurred related to acquisition costs during the nine-month period ended August 31, 2023 amounted to \$509, for a total of \$5,290 incurred for the BBQ Holdings acquisition.

#### 6. Accumulated other comprehensive income (loss)

The following tables provide the net carrying amounts of accumulated other comprehensive income (loss) by category and the changes in the nine-month periods ended August 31, 2023 and 2022:

	Translation adjustments	Cash flow hedges	Deferred tax expense on foreign currency translation adjustments and cash flow hedges	Total
	\$	\$	\$	\$
Balance as at November 30, 2022	13,443	—	323	13,766
Unrealized gain on translation of foreign operations	2,446	—	—	2,446
Change in fair value of financial instruments	—	9,400	—	9,400
Gain realized on financial instruments transferred to earnings	—	(1,865)	—	(1,865)
Deferred tax expense on foreign currency translation adjustments and cash flow hedges	—	—	(2,393)	(2,393)
<b>Balance as at August 31, 2023</b>	<b>15,889</b>	<b>7,535</b>	<b>(2,070)</b>	<b>21,354</b>

	Translation adjustments	Cash flow hedges	Deferred tax expense on foreign currency translation adjustments and cash flow hedges	Total
	\$	\$	\$	\$
Balance as at November 30, 2021	(22,134)	—	814	(21,320)
Unrealized gain on translation of foreign operations	17,278	—	—	17,278
<b>Balance as at August 31, 2022</b>	<b>(4,856)</b>	<b>—</b>	<b>814</b>	<b>(4,042)</b>

## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 7. Accounts receivable

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

	August 31, 2023	November 30, 2022
	\$	\$
		<i>Restated (Note 5)</i>
Total accounts receivable <sup>(1)</sup>	90,994	84,918
Less: Allowance for credit losses <sup>(1)</sup>	8,843	7,545
Total accounts receivable, net	<b>82,151</b>	<b>77,373</b>
Of which:		
Not past due <sup>(1)</sup>	66,256	64,333
Past due for more than one day but no more than 30 days	4,648	2,513
Past due for more than 31 days but no more than 60 days	2,527	1,841
Past due for more than 61 days	8,720	8,686
Total accounts receivable, net	<b>82,151</b>	<b>77,373</b>

<sup>(1)</sup> The Company completed the fair value assessment of the assets acquired and liabilities assumed in connection with the BBQ Holdings acquisition and recorded adjustments to the purchase price allocation. The table above includes adjustments related to accounts receivable and allowance for credit losses.

#### 8. 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 has options to purchase the premises on some of its leases.

## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 8. Leases (continued)

##### 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 nine-month period ended August 31, 2023:

	Offices, corporate and dark stores <sup>(1)</sup>	Store locations subject to operating subleases	Other	Total
	\$	\$	\$	\$
Balance as at November 30, 2022 ( <i>Restated – Note 5</i> )	146,817	11,677	1,321	159,815
Additions	11,181	—	—	11,181
Additions through business acquisitions (Note 5)	28,353	—	—	28,353
Depreciation expense	(25,507)	(1,183)	(428)	(27,118)
Impairment charge	(274)	—	—	(274)
De-recognition/lease modification of lease liabilities	7,024	425	(1)	7,448
Foreign exchange	33	4	—	37
Other	(410)	—	—	(410)
<b>Balance as at August 31, 2023</b>	<b>167,217</b>	<b>10,923</b>	<b>892</b>	<b>179,032</b>

<sup>(1)</sup> The Company completed the fair value assessment of the assets acquired and liabilities assumed in connection with the BBQ Holdings acquisition and recorded adjustments to the purchase price allocation. The table above includes adjustments related to the right-of-use assets of offices, corporate and dark stores.

##### Finance lease receivables

The following table provides the carrying amount of the finance lease receivables and the changes in the nine-month period ended August 31, 2023:

	<u>2023</u>
	\$
Balance as at November 30, 2022	338,776
Additions	14,152
Additions through business acquisitions (Note 5)	11,213
Lease renewals and modifications	36,918
Lease terminations	(6,581)
Other adjustments	(143)
Interest income <sup>(1)</sup>	8,307
Receipts	(73,180)
Foreign exchange	105
<b>Balance as at August 31, 2023</b>	<b>329,567</b>

<sup>(1)</sup> During the three and nine-month periods ended August 31, 2023, the Company recorded interest income on finance lease receivables of \$2,864 and \$8,307, respectively (2022 – \$2,624 and \$7,704, respectively).

## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 8. Leases (continued)

##### Finance lease receivables (continued)

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

	<u>Finance lease receivables</u>
	\$
Current portion	83,500
Long-term portion	255,276
November 30, 2022	338,776
<b>Current portion</b>	<b>80,773</b>
<b>Long-term portion</b>	<b>248,794</b>
<b>August 31, 2023</b>	<b>329,567</b>

##### Lease liabilities

The following table provides the carrying amount of the lease liabilities and the changes in the nine-month period ended August 31, 2023:

	<u>2023</u>
	\$
Balance as at November 30, 2022 ( <i>Restated – Note 5</i> ) <sup>(1)</sup>	514,923
Additions	14,688
Additions through business acquisitions (Note 5)	39,836
Lease renewals and modifications	52,591
Lease terminations	(4,030)
Other adjustments	(1,209)
Interest expense <sup>(2)</sup>	16,771
Payments	(105,896)
Foreign exchange	157
<b>Balance as at August 31, 2023</b>	<b>527,831</b>

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

	<u>Lease liabilities</u>
	\$
Current portion ( <i>Restated – Note 5</i> ) <sup>(1)</sup>	114,522
Long-term portion ( <i>Restated – Note 5</i> ) <sup>(1)</sup>	400,401
November 30, 2022	514,923
<b>Current portion</b>	<b>114,646</b>
<b>Long-term portion</b>	<b>413,185</b>
<b>August 31, 2023</b>	<b>527,831</b>

(1) The Company completed the fair value assessment of the assets acquired and liabilities assumed in connection with the BBQ Holdings acquisition and recorded adjustments to the purchase price allocation. The table above includes adjustments related to the current and long-term portions of lease liabilities.

(2) During the three and nine-month periods ended August 31, 2023, the Company recorded interest expense on lease liabilities of \$6,285 and \$16,771, respectively (2022 – \$3,122 and \$9,176, respectively).

## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 9. Property, plant and equipment

Cost	Land	Buildings	Leasehold improve- ments <sup>(1)</sup>	Equipment <sup>(1)</sup>	Computer hardware <sup>(1)</sup>	Rolling stock	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at November 30, 2022 (Restated – Note 5)	7,323	9,884	45,537	40,060	9,138	639	112,581
Additions	—	29	15,255	10,303	1,265	37	26,889
Disposals	—	(80)	(1,364)	(1,887)	(234)	(18)	(3,583)
Foreign exchange	7	8	100	103	(1)	—	217
Additions through business acquisitions (Note 5)	—	—	7,536	5,192	62	—	12,790
Balance as at August 31, 2023	7,330	9,841	67,064	53,771	10,230	658	148,894

  

Accumulated depreciation	Land	Buildings	Leasehold improve- ments	Equipment	Computer hardware	Rolling stock	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at November 30, 2022	—	2,092	6,963	9,399	3,674	372	22,500
Eliminated on disposal of assets	—	(80)	(1,304)	(1,504)	(233)	(18)	(3,139)
Foreign exchange	—	1	48	32	10	—	91
Depreciation expense	—	276	7,573	6,319	1,837	65	16,070
Balance as at August 31, 2023	—	2,289	13,280	14,246	5,288	419	35,522

  

Carrying amounts	Land	Buildings	Leasehold improve- ments <sup>(1)</sup>	Equipment <sup>(1)</sup>	Computer hardware <sup>(1)</sup>	Rolling stock	Total
	\$	\$	\$	\$	\$	\$	\$
November 30, 2022 (Restated – Note 5)	7,323	7,792	38,574	30,661	5,464	267	90,081
August 31, 2023	7,330	7,552	53,784	39,525	4,942	239	113,372

<sup>(1)</sup> The Company completed the fair value assessment of the assets acquired and liabilities assumed in connection with the BBQ Holdings acquisition and recorded adjustments to the purchase price allocation. The table above includes adjustments related to leasehold improvements, equipment and computer hardware.



## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 10. Intangible assets

Cost	Franchise and master franchise rights <sup>(1)</sup>	Trademarks <sup>(1 &amp; 2)</sup>	Step-in rights	Customer lists	Other <sup>(1 &amp; 2)</sup>	Total
	\$	\$	\$	\$	\$	\$
Balance as at November 30, 2022 (Restated – Note 5)	386,463	794,636	1,199	13,698	14,624	1,210,620
Additions	—	—	—	—	1,209	1,209
Additions through business acquisitions (Note 5)	42,783	97,664	—	—	—	140,447
Foreign exchange	256	562	—	—	13	831
Balance as at August 31, 2023	429,502	892,862	1,199	13,698	15,846	1,353,107
Accumulated amortization						
	Franchise and master franchise rights	Trademarks	Step-in rights	Customer lists	Other	Total
	\$	\$	\$	\$	\$	\$
Balance as at November 30, 2022	197,127	—	1,098	3,422	5,675	207,322
Foreign exchange	249	—	—	—	8	257
Amortization	24,227	—	90	724	1,464	26,505
Balance as at August 31, 2023	221,603	—	1,188	4,146	7,147	234,084
Carrying amounts						
	Franchise and master franchise rights <sup>(1)</sup>	Trademarks <sup>(1 &amp; 2)</sup>	Step-in rights	Customer lists	Other <sup>(1 &amp; 2)</sup>	Total
	\$	\$	\$	\$	\$	\$
November 30, 2022 (Restated – Note 5)	189,336	794,636	101	10,276	8,949	1,003,298
August 31, 2023	207,899	892,862	11	9,552	8,699	1,119,023

(1) The Company completed the fair value assessment of the assets acquired and liabilities assumed in connection with the BBQ Holdings acquisition and recorded adjustments to the purchase price allocation. The table above includes adjustments related to franchise rights, trademarks and other intangible assets.

(2) Prior year figures have been restated to reflect a reclassification between trademarks and other intangible assets.

## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 11. Goodwill

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

	<u>2023</u>
	\$
Goodwill as at November 30, 2022 ( <i>Restated – Note 5</i> ) <sup>(1)</sup>	613,477
Purchase price allocation (Note 5)	<b>180,763</b>
Foreign exchange	<b>31</b>
<b>Goodwill as at August 31, 2023</b>	<b>794,271</b>
Accumulated impairment as at November 30, 2022	65,721
Foreign exchange	<b>112</b>
<b>Accumulated impairment as at August 31, 2023</b>	<b>65,833</b>
Carrying amounts	
November 30, 2022 ( <i>Restated – Note 5</i> ) <sup>(1)</sup>	547,756
<b>August 31, 2023</b>	<b>728,438</b>

<sup>(1)</sup> The Company completed the fair value assessment of the assets acquired and liabilities assumed in connection with the BBQ Holdings acquisition and recorded adjustments to the purchase price allocation.

#### 12. Long-term debt

	<u>August 31,</u>	November 30,
	<u>2023</u>	<u>2022</u>
	\$	\$
Non-interest-bearing contract cancellation fees and holdbacks on acquisitions	<b>1,357</b>	142
Contingent considerations on Küto Comptoir à Tartares acquisition and 11554891 Canada Inc. <sup>(1)</sup>	<b>1,568</b>	3,626
Fair value of non-controlling interest option in 9974644 Canada Inc. <sup>(2)</sup>	<b>2,608</b>	1,853
Fair value of obligation to repurchase 11554891 Canada Inc. partner <sup>(3)</sup>	<b>7,179</b>	7,867
Revolving credit facility payable to a syndicate of lenders <sup>(4)</sup>	<b>773,703</b>	550,055
Credit facility financing costs	<b>(2,077)</b>	(2,584)
	<b>784,338</b>	560,959
Less: Current portion	<b>(11,698)</b>	(9,530)
	<b>772,640</b>	551,429

<sup>(1)</sup> Küto Comptoir à Tartares (payable June 2024) and 11554891 Canada Inc. (payable within the next 12 months).

<sup>(2)</sup> Payable on demand.

<sup>(3)</sup> Payable on demand, with a maximum maturity date of December 2024.

<sup>(4)</sup> 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 October 28, 2025 and must be repaid in full at that time. The revolving credit facility has an authorized amount of \$900,000 (November 30, 2022 – \$900,000). As at August 31, 2023, the Company had drawn US\$571,800 (November 30, 2022 – US\$408,850) and has elected to pay interest based on the Secured Overnight Financing Rate ("SOFR") plus applicable margins. The credit facility bears interest at Canadian prime rate, US prime rate rate, Bankers' acceptances rate and eventually the Canadian Overnight Repo Rate Average, and SOFR plus an applicable margin that will vary depending on the type of advances. The Company pays a commitment fee on the available unused credit facility.

## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 12. Long-term debt (continued)

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 August 31, 2023, the Company was in compliance with its financial covenants.

#### 13. Capital stock

On June 29, 2023, the Company announced the renewal of the normal course issuer bid (“NCIB”). The NCIB began on July 3, 2023 and will end on July 2, 2024 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 nine-month periods ended August 31, 2023, the Company did not repurchase and cancel any common shares under the current NCIB. During the three and nine-month periods ended August 31, 2022, the Company repurchased and cancelled a total of nil and 256,400 common shares, respectively, at a weighted average price of nil and \$57.01 per common share, respectively, for a total consideration of nil and \$14,618, respectively. An excess of nil and \$11,438, respectively, of the shares’ repurchase value over their carrying amount was charged to retained earnings as share repurchase premiums.

#### 14. 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 August 31		Nine months ended August 31	
	2023	2022	2023	2022
Weighted daily average number of common shares – basic	<b>24,413,461</b>	24,413,461	<b>24,413,461</b>	24,448,670
Assumed exercise of stock options <sup>(1)</sup>	<b>82,970</b>	25,619	<b>79,586</b>	20,937
Weighted daily average number of common shares – diluted	<b>24,496,431</b>	24,439,080	<b>24,493,047</b>	24,469,607

<sup>(1)</sup> 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 nine-month periods ended August 31, 2023 was nil for both periods (2022 – 240,000 and 262,223, respectively).

#### 15. 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.

## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 15. Financial instruments (continued)

*Fair value of recognized financial instruments*

##### Swaps

###### Cross currency interest rate swaps

On June 27, 2023 and August 28, 2023, the Company entered into one floating to floating 3-month cross currency interest rate swap and one floating to floating 2-month cross currency interest rate swap, respectively (November 30, 2022 – one floating to floating 3-month cross currency interest rate swap and one floating to floating 2-month cross currency interest rate swap). A derivative asset fair value of \$703 was recorded as at August 31, 2023 (November 30, 2022 – nil). The Company has classified this as level 2 in the fair value hierarchy.

	August 31, 2023		November 30, 2022	
	3-month	2-month	3-month	2-month
Receive – Notional	<b>US\$56,700</b>	<b>US\$144,100</b>	US\$64,850	US\$150,000
Receive – Rate	7.42%	7.42%	6.18%	6.18%
Pay – Notional	<b>CA\$75,000</b>	<b>CA\$196,000</b>	CA\$87,000	CA\$201,000
Pay – Rate	6.95%	7.00%	5.95%	5.80%

###### Fixed interest rate swaps

On March 24, 2023, the Company entered into a three-year SOFR fixed interest rate swap for a notional amount of US\$200,000. The period of three years ends on April 10, 2026. Under the terms of this swap, the interest rate is fixed at 3.32%. A derivative asset fair value of \$7,834 was recorded as at August 31, 2023 (November 30, 2022 – nil). The Company has classified this as level 2 in the fair value hierarchy and has designated this as a cash flow hedge of the Company's interest rate risk from its credit facility. A fair value remeasurement gain of \$3,433 and \$7,535 was recorded in the Company's condensed interim consolidated statement of comprehensive income for the three and nine-month periods ended August 31, 2023, respectively (2022 – nil and nil, respectively).

On May 30, 2023, the Company entered into a two-year SOFR fixed interest rate swap for a notional amount of US\$100,000. The period of two years ends on May 30, 2025. Under the terms of this swap, the interest rate is fixed at 3.64%, unless the 1-month term SOFR exceeds 5.50%; if the 1-month term SOFR exceeds 5.50%, the Company will pay the 1-month term SOFR. A derivative asset fair value of \$1,110 was recorded as at August 31, 2023 (November 30, 2022 – nil). The Company has classified this as level 2 in the fair value hierarchy. A fair value remeasurement gain of \$1,098 and \$1,103 was recorded in the Company's condensed interim consolidated statement of income for the three and nine-month periods ended August 31, 2023, respectively (2022 – nil and nil, respectively).

The swaps were recorded in the condensed interim consolidated statements of financial position as follows:

	Cross currency interest rate swaps	3-year SOFR fixed interest rate swap	2-year SOFR fixed interest rate swap	Total
	\$	\$	\$	
Current portion	703	2,624	—	3,327
Long-term portion	—	5,210	1,110	6,320
<b>August 31, 2023</b>	<b>703</b>	<b>7,834</b>	<b>1,110</b>	<b>9,647</b>

## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 15. Financial instruments (continued)

*Fair value of recognized financial instruments (continued)*

##### Fair value hierarchy

The changes in the carrying amount of the financial liabilities classified as level 3 in the fair value hierarchy are as follows:

	<b>2023</b>
	<b>\$</b>
Financial liabilities classified as level 3 as at November 30, 2022	13,346
Revaluation of financial liabilities recorded at fair value	<b>(1,991)</b>
<b>Financial liabilities classified as level 3 as at August 31, 2023</b>	<b>11,355</b>

As at August 31, 2023 and November 30, 2022, the financial liabilities classified as level 3 in the fair value hierarchy were comprised of the following:

	<b>August 31, 2023</b>	November 30, 2022
	<b>\$</b>	<b>\$</b>
Contingent considerations on Kûto Comptoir à Tartares acquisition and 11554891 Canada Inc.	<b>1,568</b>	3,626
Non-controlling interest buyback option	<b>2,608</b>	1,853
Obligation to repurchase 11554891 Canada Inc. partner	<b>7,179</b>	7,867
<b>Financial liabilities classified as level 3</b>	<b>11,355</b>	13,346

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 August 31, 2023 and November 30, 2022. 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.

	<b>August 31, 2023</b>		November 30, 2022	
	<b>Carrying amount</b>	<b>Fair value</b>	Carrying amount	Fair value
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Financial assets			<i>Restated (Note 5)</i>	<i>Restated (Note 5)</i>
Loans and other receivables <sup>(1)</sup>	<b>3,466</b>	<b>3,466</b>	4,560	4,560
Finance lease receivables	<b>329,567</b>	<b>329,567</b>	338,776	338,776
Financial liabilities				
Long-term debt <sup>(2)</sup>	<b>775,060</b>	<b>775,060</b>	550,197	550,197

<sup>(1)</sup> The Company completed the fair value assessment of the assets acquired and liabilities assumed in connection with the BBQ Holdings acquisition and recorded adjustments to the purchase price allocation. The table above includes adjustments related to loans and other receivables.

<sup>(2)</sup> Excludes contingent considerations on Kûto Comptoir à Tartares acquisition and 11554891 Canada Inc., credit facility financing costs, non-controlling interest option in 9974644 Canada Inc. and obligation to repurchase 11554891 Canada Inc. partner.

## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 15. Financial instruments (continued)

##### *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.

##### *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. The Company from time to time may enter into fixed interest rate derivatives to manage its cash flow risk exposure, with long-term commitments requiring Board approval to ensure compliance with the Company's risk management strategy. As at August 31, 2023, the Company holds a floating-to-fixed interest rate swap in order to hedge a portion of the interest rate cash flow risk associated with floating interest rate debt.

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 SOFR or prime rates, could vary and thereby directly influence the interest rate payable by the Company.

#### 16. Revenue

	Three months ended					
	August 31, 2023			August 31, 2022		
	Canada	US & International	TOTAL	Canada	US & International	TOTAL
	\$	\$	\$	\$	\$	\$
Royalties	24,340	45,459	69,799	23,479	33,944	57,423
Franchise and transfer fees	1,409	1,652	3,061	1,306	1,351	2,657
Retail, food processing and distribution revenues	43,100	226	43,326	42,222	1,440	43,662
Sale of goods, including construction revenue	9,656	111,094	120,750	9,173	7,161	16,334
Gift card breakage income	72	2,150	2,222	82	1,528	1,610
Promotional funds	11,850	20,696	32,546	11,777	17,911	29,688
Other franchising revenue	10,396	11,825	22,221	9,952	7,234	17,186
Other	896	3,259	4,155	837	2,143	2,980
	101,719	196,361	298,080	98,828	72,712	171,540

## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 16. Revenue (continued)

	Nine months ended					
	August 31, 2023			August 31, 2022		
	US &		TOTAL	US &		TOTAL
	Canada	International		Canada	International	
	\$	\$	\$	\$	\$	
Royalties	70,544	132,220	202,764	61,190	94,682	155,872
Franchise and transfer fees	4,103	4,785	8,888	3,781	5,064	8,845
Retail, food processing and distribution revenues	122,401	1,538	123,939	120,489	4,314	124,803
Sale of goods, including construction revenue	29,553	350,913	380,466	25,670	19,117	44,787
Gift card breakage income	329	5,147	5,476	384	4,352	4,736
Promotional funds	34,046	58,577	92,623	31,434	48,812	80,246
Other franchising revenue	29,932	32,182	62,114	26,357	20,086	46,443
Other	2,572	10,460	13,032	2,572	6,248	8,820
	293,480	595,822	889,302	271,877	202,675	474,552

#### 17. Operating expenses

	Three months ended					
	August 31, 2023			August 31, 2022		
	US &		TOTAL	US &		TOTAL
	Canada	International		Canada	International	
	\$	\$	\$	\$	\$	
Cost of goods sold and rent	4,060	33,658	37,718	4,217	3,729	7,946
Retail, food processing and distribution costs <sup>(1)</sup>	38,616	98	38,714	37,841	—	37,841
Wages and benefits	15,307	56,813	72,120	13,972	13,440	27,412
Other corporate store expenses <sup>(1)</sup>	728	13,765	14,493	720	604	1,324
Consulting and professional fees	1,764	3,140	4,904	3,282	1,878	5,160
Insurance and taxes <sup>(1)</sup>	270	1,791	2,061	397	772	1,169
Utilities, repairs and maintenance <sup>(1)</sup>	484	5,838	6,322	447	454	901
Advertising, travel, meals and entertainment <sup>(1)</sup>	1,174	3,623	4,797	996	1,482	2,478
Gift cards – related costs	—	2,172	2,172	—	1,818	1,818
Royalties	25	2,528	2,553	19	2,424	2,443
Promotional funds <sup>(2)</sup>	11,850	20,696	32,546	11,777	17,911	29,688
Impairment for expected credit losses	330	156	486	825	144	969
Other <sup>(1 &amp; 3)</sup>	2,624	3,700	6,324	1,651	1,820	3,471
	77,232	147,978	225,210	76,144	46,476	122,620

## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 17. Operating expenses (continued)

	Nine months ended					
	August 31, 2023			August 31, 2022		
	Canada	US & International	TOTAL	Canada	US & International	TOTAL
	\$	\$	\$	\$	\$	\$
Cost of goods sold and rent	12,145	110,093	122,238	11,450	9,972	21,422
Retail, food processing and distribution costs <sup>(1)</sup>	109,742	273	110,015	108,854	—	108,854
Wages and benefits	45,722	175,670	221,392	41,625	40,268	81,893
Other corporate store expenses <sup>(1)</sup>	2,042	43,371	45,413	2,125	1,713	3,838
Consulting and professional fees	5,741	9,549	15,290	7,099	5,157	12,256
Insurance and taxes <sup>(1)</sup>	1,083	5,135	6,218	1,028	2,193	3,221
Utilities, repairs and maintenance <sup>(1)</sup>	1,526	17,796	19,322	1,481	1,186	2,667
Advertising, travel, meals and entertainment <sup>(1)</sup>	3,409	10,519	13,928	2,591	4,070	6,661
Gift cards – related costs	—	6,399	6,399	—	5,574	5,574
Royalties	54	6,725	6,779	33	6,218	6,251
Promotional funds <sup>(2)</sup>	34,046	58,577	92,623	31,434	48,812	80,246
Impairment (reversal of impairment) for expected credit losses	1,495	786	2,281	562	(176)	386
Other <sup>(1 &amp; 3)</sup>	7,005	10,018	17,023	4,905	4,172	9,077
	<b>224,010</b>	<b>454,911</b>	<b>678,921</b>	<b>213,187</b>	<b>129,159</b>	<b>342,346</b>

(1) Prior year amounts have been restated to reflect a reclassification between retail, food processing and distribution costs, other corporate store expenses, insurance and taxes, utilities, repairs and maintenance, advertising, travel, meals and entertainment, and other operating expenses.

(2) Promotional fund expenses include wages and benefits.

(3) Other operating expenses are composed mainly of other office administration expenses.



## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 18. 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 August 31, 2023.

	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	38,270	8,568	43,369	11,850	(338)	101,719	65,196	110,503	226	20,696	(260)	196,361	298,080
Operating expenses	18,144	8,672	39,006	11,850	(440)	77,232	28,989	98,353	98	20,696	(158)	147,978	225,210
Segment profit (loss)	20,126	(104)	4,363	—	102	24,487	36,207	12,150	128	—	(102)	48,383	72,870

Below is a summary of each geographical and operating segment's performance for the three-month period ended August 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	37,106	7,886	42,356	11,777	(297)	98,828	47,617	5,956	1,440	17,911	(212)	72,712	171,540
Operating expenses	19,416	7,457	37,887	11,777	(393)	76,144	21,777	6,904	—	17,911	(116)	46,476	122,620
Segment profit (loss)	17,690	429	4,469	—	96	22,684	25,840	(948)	1,440	—	(96)	26,236	48,920

## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 18. Segmented information (continued)

Below is a summary of each geographical and operating segment's performance for the nine-month period ended August 31, 2023.

	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	112,976	24,352	123,178	34,046	(1,072)	293,480	186,122	350,558	1,538	58,577	(973)	595,822	889,302
Operating expenses	56,523	24,566	110,236	34,046	(1,361)	224,010	88,029	308,716	273	58,577	(684)	454,911	678,921
Segment profit (loss)	56,453	(214)	12,942	—	289	69,470	98,093	41,842	1,265	—	(289)	140,911	210,381

Below is a summary of each geographical and operating segment's performance for the nine-month period ended August 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	99,079	21,420	120,955	31,434	(1,011)	271,877	134,473	15,729	4,314	48,812	(653)	202,675	474,552
Operating expenses	52,600	21,267	109,166	31,434	(1,280)	213,187	62,233	18,498	—	48,812	(384)	129,159	342,346
Segment profit (loss)	46,479	153	11,789	—	269	58,690	72,240	(2,769)	4,314	—	(269)	73,516	132,206

## MTY Food Group Inc.

### Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2023 and 2022

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

(Unaudited)

#### 19. Condensed interim consolidated statement of cash flows

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

	Three months ended August 31		Nine months ended August 31	
	2023	2022	2023	2022
	\$	\$	\$	\$
Accounts receivable	3,006	(930)	(2,925)	(9,018)
Inventories	(259)	(1,123)	74	(1,684)
Loans receivable	111	45	348	39
Other assets	(652)	(1,428)	(1,382)	(2,657)
Prepaid expenses and deposits	1,129	(774)	(323)	(2,076)
Accounts payable and accrued liabilities <sup>(1)</sup>	(1,831)	4,191	(12,282)	5,796
Provisions	145	(147)	1,247	(230)
Gift card and loyalty program liabilities	(3,214)	(1,840)	3,311	4,225
Deferred revenue and deposits	(489)	1,011	2,383	2,095
	<b>(2,054)</b>	<b>(995)</b>	<b>(9,549)</b>	<b>(3,510)</b>

<sup>(1)</sup> The Company has reassessed the presentation of certain acquisition accounts, leading to the reclassification of accounts that were previously reported as Accounts payable and accrued liabilities to Cash. The table above includes an adjustment to changes in non-cash working capital items of \$6,019.

For the three and nine-month periods ended August 31, 2023, non-cash items amounting to a net asset of \$261 and a net liability of \$1,043, respectively (2022 – net asset of \$142 and net asset of \$123, respectively) are included in proceeds on disposal of property, plant and equipment. The non-cash items for the nine-month period ended August 31, 2023 were primarily related to commitments made as part of the disposal of a portfolio of corporately-owned locations in the US segment.