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

For the three month periods ended February 28, 2025 and February 29, 2024

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# MTY Food Group Inc.

## Condensed interim consolidated statements of income

For the three-month periods ended ended February 28, 2025 and February 29, 2024

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

(Unaudited)

		February 28, 2025	February 29, 2024
	Notes	\$	\$
<b>Revenue</b>	12 & 14	<b>284,792</b>	278,644
<b>Expenses</b>			
Operating expenses	13 & 14	226,342	219,382
Depreciation – property, plant and equipment and right-of-use assets		14,902	14,660
Amortization – intangible assets		8,314	7,595
Interest on long-term debt		9,129	12,071
Net interest expense on leases	6	2,838	2,793
Impairment charge – right-of-use assets	6	290	114
Impairment charge – property, plant and equipment and intangible assets	7	435	2,220
		<b>262,250</b>	258,835
<b>Other income (expenses)</b>			
Unrealized and realized foreign exchange (loss) gain		(21,460)	513
Interest income		95	149
(Loss) gain on de-recognition/lease modification of lease liabilities		(134)	80
Loss on disposal of property, plant and equipment		(250)	(46)
Revaluation of financial liabilities and derivatives recorded at fair value	11	(299)	48
Restructuring		—	(487)
Gain on extinguishment of debt		—	131
		<b>(22,048)</b>	388
<b>Income before taxes</b>		<b>494</b>	20,197
<b>Income tax (recovery) expense</b>			
Current		2,339	1,280
Deferred		(3,670)	1,527
		<b>(1,331)</b>	2,807
<b>Net income</b>		<b>1,825</b>	17,390
<b>Net income attributable to:</b>			
<b>Owners</b>		<b>1,743</b>	17,305
<b>Non-controlling interests</b>		<b>82</b>	85
<b>Net income</b>		<b>1,825</b>	17,390
<b>Net income per share</b>	10		
Basic		<b>0.07</b>	0.71
Diluted		<b>0.07</b>	0.71

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-month periods ended ended February 28, 2025 and February 29, 2024

(In thousands of Canadian dollars)

(Unaudited)

		<b>February 28, 2025</b>	February 29, 2024
	Notes	\$	\$
<b>Net income</b>		<b>1,825</b>	17,390
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to net income</b>			
<b>Translation adjustments</b>			
Unrealized gain (loss) on translation of foreign operations		<b>40,517</b>	(2,752)
<b>Cash flow hedges</b>			
Change in fair value of financial instruments	11	<b>(1,329)</b>	1,231
Gain realized on financial instruments transferred to earnings	11	<b>(1,097)</b>	(1,365)
<b>Deferred tax expense on foreign currency translation adjustments and cash flow hedges</b>		<b>(3,352)</b>	(330)
		<b>34,739</b>	(3,216)
<b>Total comprehensive income</b>		<b>36,564</b>	14,174
<b>Total comprehensive income attributable to:</b>			
<b>Owners</b>		<b>36,482</b>	14,089
<b>Non-controlling interests</b>		<b>82</b>	85
		<b>36,564</b>	14,174

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 three-month periods ended February 28, 2025 and February 29, 2024

(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	Accumulated other comprehensive income	Total reserves				
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>For the three months ended February 28, 2025</b>									
<b>Balance, beginning of period</b>	290,593	(850)	6,295	59,705	65,150	446,094	801,837	1,613	803,450
Net income	—	—	—	—	—	1,743	1,743	82	1,825
Other comprehensive income	—	—	—	34,739	34,739	—	34,739	—	34,739
Total comprehensive income							36,482	82	36,564
Shares repurchased and cancelled (Note 9)	(3,626)	—	—	—	—	(10,186)	(13,812)	—	(13,812)
Dividends	—	—	—	—	—	(7,665)	(7,665)	(75)	(7,740)
Share-based compensation	—	—	60	—	60	—	60	—	60
<b>Balance, end of period</b>	<b>286,967</b>	<b>(850)</b>	<b>6,355</b>	<b>94,444</b>	<b>99,949</b>	<b>429,986</b>	<b>816,902</b>	<b>1,620</b>	<b>818,522</b>

	Reserves					Retained earnings	Equity attributable to owners	Equity attributable to non-controlling interests	Total
	Capital stock	Other	Contributed surplus	Accumulated other comprehensive loss	Total reserves				
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>For the three months ended February 29, 2024</b>									
<b>Balance, beginning of period</b>	301,779	(850)	5,649	25,470	30,269	479,364	811,412	1,477	812,889
Net income	—	—	—	—	—	17,305	17,305	85	17,390
Other comprehensive loss	—	—	—	(3,216)	(3,216)	—	(3,216)	—	(3,216)
Total comprehensive income							14,089	85	14,174
Shares repurchased and cancelled (Note 9)	(879)	—	—	—	—	(2,676)	(3,555)	—	(3,555)
Dividends	—	—	—	—	—	(6,806)	(6,806)	(330)	(7,136)
Share-based compensation	—	—	181	—	181	—	181	—	181
<b>Balance, end of period</b>	<b>300,900</b>	<b>(850)</b>	<b>5,830</b>	<b>22,254</b>	<b>27,234</b>	<b>487,187</b>	<b>815,321</b>	<b>1,232</b>	<b>816,553</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 February 28, 2025 and November 30, 2024

(In thousands of Canadian dollars)

(Unaudited)

		February 28, 2025	November 30, 2024
	Notes	\$	\$
<b>Assets</b>			
Current assets			
Cash		68,781	50,409
Accounts receivable	5	81,600	81,240
Inventories		18,415	20,002
Assets held for sale		4,498	4,365
Current portion of loans and other receivables		1,424	1,495
Current portion of finance lease receivables	6	75,910	76,152
Income taxes receivable		4,953	6,757
Current portion of derivative assets	11	4,612	3,674
Other assets		8,056	5,199
Prepaid expenses and deposits		16,508	13,855
		<b>284,757</b>	<b>263,148</b>
Loans and other receivables		2,360	2,499
Finance lease receivables	6	231,379	231,652
Contract cost asset		8,268	7,949
Deferred income taxes		887	9,701
Derivative assets	11	14	177
Property, plant and equipment		102,620	103,916
Right-of-use assets	6	175,549	185,168
Intangible assets		1,105,774	1,088,314
Goodwill		708,793	693,835
		<b>2,620,401</b>	<b>2,586,359</b>
<b>Liabilities and Shareholders' equity</b>			
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities		140,881	134,390
Provisions		4,640	3,866
Gift card and loyalty program liabilities		173,741	157,534
Income taxes payable		3,411	5,083
Current portion of deferred revenue and deposits		17,049	15,827
Current portion of long-term debt	8	1,239	2,464
Current portion of derivative liabilities	11	502	—
Current portion of lease liabilities	6	112,428	110,910
Liabilities held for sale		3,054	2,964
		<b>456,945</b>	<b>433,038</b>
Long-term debt	8	711,480	704,141
Lease liabilities	6	394,473	404,228
Deferred revenue and deposits		59,557	57,660
Deferred income taxes		178,629	183,842
Derivative liabilities	11	795	—
		<b>1,801,879</b>	<b>1,782,909</b>

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

As at February 28, 2025 and November 30, 2024

(In thousands of Canadian dollars)

(Unaudited)

		<b>February 28, 2025</b>	November 30, 2024
	Notes	\$	\$
<b>Shareholders' equity</b>			
Equity attributable to owners			
Capital stock	9	<b>286,967</b>	290,593
Reserves		<b>99,949</b>	65,150
Retained earnings		<b>429,986</b>	446,094
		<b>816,902</b>	801,837
Equity attributable to non-controlling interests		<b>1,620</b>	1,613
		<b>818,522</b>	803,450
		<b>2,620,401</b>	2,586,359

Approved by the Board on April 10, 2025

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

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

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

# MTY Food Group Inc.

## Condensed interim consolidated statements of cash flows

For the three-month periods ended February 28, 2025 and February 29, 2024

(In thousands of Canadian dollars)

(Unaudited)

		February 28, 2025	February 29, 2024
	Notes	\$	\$
<b>Operating activities</b>			
Net income		1,825	17,390
Adjusting items:			
Interest on long-term debt		9,129	12,071
Net interest expense on leases	6	2,838	2,793
Depreciation – property, plant and equipment and right-of-use assets		14,902	14,660
Amortization – intangible assets		8,314	7,595
Impairment charge – right-of-use assets	6	290	114
Impairment charge – property, plant and equipment and intangible assets	7	435	2,220
Unrealized foreign exchange loss (gain)		21,460	(513)
Loss (gain) on de-recognition/lease modification of lease liabilities		134	(80)
Loss on disposal of property, plant and equipment		250	46
Revaluation of financial liabilities and derivatives recorded at fair value	11	299	(48)
Gain on extinguishment of debt		—	(131)
Income tax (recovery) expense		(1,331)	2,807
Share-based compensation		60	181
		<b>58,605</b>	<b>59,105</b>
Income taxes paid		(2,051)	(2,992)
Interest paid		(9,894)	(12,348)
Other		(176)	(855)
Changes in non-cash working capital items	15	12,318	11,268
Cash provided by operating activities		<b>58,802</b>	<b>54,178</b>
<b>Investing activities</b>			
Issuance of loans and other receivables		250	36
Additions to property, plant and equipment		(3,665)	(7,011)
Additions to intangible assets		(889)	(298)
Proceeds on disposal of property, plant and equipment		1,109	564
Cash used in investing activities		<b>(3,195)</b>	<b>(6,709)</b>
<b>Financing activities</b>			
Repayment of long-term debt		(8,742)	(34,629)
Net lease payments	6	(11,830)	(10,511)
Shares repurchased and cancelled	9	(13,812)	(3,555)
Dividends paid to non-controlling shareholders of subsidiaries		(75)	(330)
Dividends paid		(7,665)	(6,806)
Cash used in financing activities		<b>(42,124)</b>	<b>(55,831)</b>
Net increase (decrease) in cash		<b>13,483</b>	<b>(8,362)</b>
Effect of foreign exchange rate loss on cash		4,889	41
Cash, beginning of period		50,409	58,895
<b>Cash, end of period</b>		<b>68,781</b>	<b>50,574</b>

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

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# MTY Food Group Inc.

## Notes to the condensed interim consolidated financial statements

For the three-month periods ended February 28, 2025 and February 29, 2024

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

(Unaudited)

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### 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 two distribution centers and two food processing plants, all 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

#### *Measurement basis*

The Company's unaudited condensed interim consolidated financial statements ("financial statements") for the three months ended February 28, 2025 have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards"), as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, specifically International Accounting Standard ("IAS") 34, *Interim Financial Reporting*.

The financial statements were authorized for issue by the Board of Directors on April 10, 2025.

The material accounting policies set out below have been applied consistently to all periods presented in the condensed interim consolidated financial statements, with the exception of:

- IAS 1 as disclosed in Note 3 to these financial statements; and
- IFRS 16 as disclosed in Note 3 to these financial statements.

The 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:

- 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 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.

#### **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 the winter season such as Papa Murphy's. Sales for shopping mall locations are also higher than average in December during the holiday shopping period.

**3. Changes in accounting policies****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.

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 amendments to IAS 1 were adopted effective December 1, 2024 and resulted in no significant adjustment.

**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 recognize 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 recognizing 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 amendments to IFRS 16 were adopted effective December 1, 2024 and resulted in no significant adjustment.

# MTY Food Group Inc.

## Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended February 28, 2025 and 2024

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

#### 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 period ended February 28, 2025 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 21	The Effects of Changes in Foreign Exchange Rates	August 2023	December 1, 2025	In assessment
IFRS 18	Presentation and Disclosure of Financial Statements	April 2024	December 1, 2028	In assessment
IFRS 9 & IFRS 7	Financial Instruments & Financial Instruments and Disclosures	May 2024	December 1, 2026	In assessment
IFRS 10	Consolidated Financial Statements	July 2024	December 1, 2026	In assessment

##### 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.

##### IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB published a new standard: IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation of Financial Statements. New requirements have been introduced for presentation in the statement of profit and loss, increased disclosure of management defined performance measures and defining the way information is aggregated and disaggregated in the financial statements. The application of IFRS 18 is effective for annual reporting beginning on or after January 1, 2027. Earlier application is permitted. The Company will adopt the amendments on December 1, 2027.

##### IFRS 9 Financial Instruments and IFRS 7 Financial Instrument Disclosures

In May 2024, the IASB published Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures). The amendments to IFRS 9 clarify de-recognition and classification of specific financial assets and liabilities respectively while the amendments to IFRS 7 clarify the disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income and contractual terms that could change the timing or amount of contractual cash flows on the occurrence or non-occurrence of a contingent event. The amendments to IFRS 9 and IFRS 7 are effective for annual reporting beginning on or after January 1, 2026. Earlier application is permitted. The Company will adopt the amendments on December 1, 2026.

##### IFRS 10 Consolidated Financial Statements

In July 2024, the IASB issued the Annual Improvements to IFRS Accounting Standards—Volume 11, which included amendments to IFRS 10 Consolidated Financial Statements. These amendments aim to clarify the determination of a 'de facto agent' in the context of control assessment. A 'de facto agent' refers to an entity that, although not formally designated as an agent, acts on behalf of another entity due to its specific circumstances, such as holding a significant portion of voting rights without practical exercise. The amendments to IFRS 10 are effective for annual reporting beginning on or after January 1, 2026. The Company will adopt the amendments on December 1, 2026.

# MTY Food Group Inc.

## Notes to the condensed interim consolidated financial statements

For the three-month periods ended February 28, 2025 and February 29, 2024

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

(Unaudited)

### 5. Accounts receivable

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

	February 28, 2025	November 30, 2024
	\$	\$
Total accounts receivable	89,843	89,297
Less: Allowance for credit losses	8,243	8,057
Total accounts receivable, net	81,600	81,240
Of which:		
Not past due	63,373	64,045
Past due for more than one day but no more than 30 days	4,598	4,439
Past due for more than 31 days but no more than 60 days	1,701	2,097
Past due for more than 61 days	11,928	10,659
Total accounts receivable, net	81,600	81,240

### 6. 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.

#### 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 three-month period ended February 28, 2025:

	Offices, corporate and dark stores	Store locations subject to operating subleases	Other	Total
Balance as at November 30, 2024	177,962	6,660	546	185,168
Additions	564	—	—	564
Depreciation expense	(8,907)	(190)	(90)	(9,187)
Impairment charge	(290)	—	—	(290)
De-recognition/lease modification of lease liabilities	(3,734)	(1,742)	1	(5,475)
Foreign exchange	4,703	56	10	4,769
Balance as at February 28, 2025	170,298	4,784	467	175,549

# MTY Food Group Inc.

## Notes to the condensed interim consolidated financial statements

For the three-month periods ended February 28, 2025 and February 29, 2024

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

(Unaudited)

### 6. Leases (continued)

#### Finance lease receivables

The following table provides the carrying amount of the finance lease receivables and the changes in the three-month period ended February 28, 2025 :

	<u>2025</u>
	<u>\$</u>
Balance as at November 30, 2024	307,804
Additions	3,782
Lease renewals and modifications	14,621
Lease terminations	(1,868)
Other adjustments	13
Interest income <sup>(1)</sup>	3,119
Receipts	(23,311)
Foreign exchange	3,129
Balance as at February 28, 2025	<u>307,289</u>

<sup>(1)</sup> During the three-month period ended February 29, 2024, the Company recorded interest income on finance lease receivables of \$3,129.

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

	<u>Finance lease receivables</u>
	<u>\$</u>
Current portion	76,152
Long-term portion	231,652
November 30, 2024	307,804
<b>Current portion</b>	<u>75,910</u>
<b>Long-term portion</b>	<u>231,379</u>
<b>February 28, 2025</b>	<u>307,289</u>

# MTY Food Group Inc.

## Notes to the condensed interim consolidated financial statements

For the three-month periods ended February 28, 2025 and February 29, 2024

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

(Unaudited)

### 6. Leases (continued)

#### Lease liabilities

The following table provides the carrying amount of the lease liabilities and the changes in the three-month period ended February 28, 2025:

	<u>2025</u>
	\$
Balance as at November 30, 2024	515,138
Additions	2,757
Lease renewals and modifications	15,008
Lease terminations	(6,309)
Other adjustments	1,227
Interest expense <sup>(1)</sup>	5,957
Payments	(35,141)
Foreign exchange	8,264
Balance as at February 28, 2025	<u>506,901</u>

<sup>(1)</sup> During the three-month period ended February 29, 2024, the Company recorded interest expense on lease liabilities of \$5,922.

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

	<u>Lease liabilities</u>
	\$
Current portion	110,910
Long-term portion	404,228
November 30, 2024	<u>515,138</u>
<b>Current portion</b>	<b>112,428</b>
<b>Long-term portion</b>	<b>394,473</b>
<b>February 28, 2025</b>	<b><u>506,901</u></b>

### 7. Impairment charge

The Company performed its quarterly impairment indicator test to identify if any property, plant and equipment or intangible assets were potentially at risk for impairment. Based on the results obtained, the Company recorded \$435 (2024 – \$880) of impairment losses on its property, plant and equipment for one brand in the US & International geographical segments (2024 – three brands). During the three-month period ended February 28, 2025, the Company recorded an impairment loss of nil (2024 – \$1,340) related to its trademark. The total of \$435 (2024 – \$2,220) of impairment charges on its property, plant and equipment and intangible assets for the three-month period ended February 28, 2025 has been recognized in the condensed interim consolidated statements of income.

Impairment charges were based on the amount by which the carrying values of the assets exceeded the recoverable amounts, determined using expected discounted projected operating cash flows.

# MTY Food Group Inc.

## Notes to the condensed interim consolidated financial statements

For the three-month periods ended February 28, 2025 and February 29, 2024

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

(Unaudited)

### 8. Long-term debt

	February 28, 2025	November 30, 2024
	\$	\$
Non-interest-bearing contract cancellation fees and holdbacks on acquisitions	51	1,552
Fair value of non-controlling interest buyback obligation in 9974644 Canada Inc. <sup>(1)</sup>	2,177	2,142
Revolving credit facility payable to a syndicate of lenders <sup>(2)</sup>	711,831	704,578
Credit facility financing costs	(1,340)	(1,667)
	<b>712,719</b>	<b>706,605</b>
Less: Current portion	(1,239)	(2,464)
	<b>711,480</b>	<b>704,141</b>

<sup>(1)</sup> Payable on demand.

<sup>(2)</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 March 15, 2027 and must be repaid in full at that time. The revolving credit facility has an authorized amount of \$900,000 (November 30, 2024 – \$900,000). As at February 28, 2025, the Company had drawn CAD\$270,000 and US\$303,000 (November 30, 2024 – CAD\$270,000 and US\$308,000) on the facility and has elected to pay interest based on the Canadian Overnight Repo Rate Average ("CORRA") and the Secured Overnight Financing Rate ("SOFR") plus applicable margins. The credit facility bears interest at Canadian prime rate, US prime rate, CORRA, 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.

### 9. Capital stock

On June 28, 2024, the Company announced the renewal of the normal course issuer bid ("NCIB"). The NCIB began on July 3, 2024 and will end on July 2, 2025 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 1,196,513 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-month period ended February 28, 2025, the Company repurchased and cancelled a total of 287,400 common shares (2024 – 70,800), under the current NCIB, at a weighted average price of \$48.06 per common share (2024 – \$50.20), for a total consideration of \$13,812 (2024 – \$3,555). An excess of \$10,247 (2024 – \$2,676) of the shares' repurchase value over their carrying amount was charged to retained earnings as share repurchase premiums.

### 10. 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:

	February 28, 2025	February 29, 2024
Weighted daily average number of common shares – basic	23,282,694	24,306,150
Assumed exercise of stock options <sup>(1)</sup>	—	29,346
Weighted daily average number of common shares – diluted	<b>23,282,694</b>	<b>24,335,496</b>

<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-month period ended February 28, 2025 was 400,000 (2024 – 40,000).

# MTY Food Group Inc.

## Notes to the condensed interim consolidated financial statements

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

(Unaudited)

### 11. 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*

##### **Swaps**

##### Cross currency interest rate swaps

During the three-month period ended February 28, 2025, the Company entered into one floating to floating 2-month cross currency interest rate swaps (November 30, 2024 – one floating to floating 3-month cross currency interest rate swap). A derivative asset at fair value of \$4,359 was recorded as at February 28, 2025 (November 30, 2024 – derivative asset of \$3,071) in the current portion of derivative assets in the condensed interim consolidated statements of financial position. The Company has classified this as level 2 in the fair value hierarchy.

	<b>February 28, 2025</b>	<b>November 30, 2024</b>
	<b>2-month</b>	3-month
Receive – Notional	<b>US\$184,507</b>	US\$189,200
Receive – Rate	<b>6.11%</b>	6.51%
Pay – Notional	<b>CA\$262,000</b>	CA\$262,000
Pay – Rate	<b>4.73%</b>	5.43%

##### 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. A fair value remeasurement gain of nil was recorded in the Company's condensed interim consolidated statement of comprehensive income for the three month period ended February 28, 2025 (February 29, 2024 – fair value remeasurement loss \$134).

On June 4, 2024, the Company sold the fixed interest rate swap, realizing proceeds of \$6,562 from this transaction. The cumulative gain on the hedging instrument, which was previously recognized in other comprehensive income during the effective hedging period, will continue to be recognized in equity and will be amortized to the condensed interim consolidated statement of income until the termination of the hedged item on April 10, 2026. For the three-month period ended February 28, 2025, the Company recorded a gain of \$895 in the condensed interim consolidated statement of income related to this amortization (2024 – nil).

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 \$238 was recorded as at February 28, 2025 (November 30, 2024 – \$499). The Company has classified this as level 2 in the fair value hierarchy. A fair value remeasurement loss of \$257 was recorded in the Company's condensed interim consolidated statement of income for the period ended February 28, 2025 (February 29, 2024 – fair value remeasurement gain of \$73).

On January 22, 2024, the Company entered into a three-year SOFR fixed interest rate swap for a notional amount of US\$50,000. The period of three years ends on January 22, 2027. Under the terms of this swap, the Company will receive 0.25% unless the 1-month term SOFR falls below 2.95% or exceeds 5.50%. If the term SOFR falls below 2.95%, the Company will pay the difference between the current rate and 2.95%. A derivative asset of \$29 was recorded as at February 28, 2025 (November 30, 2024 – \$39). The Company has classified this as level 2 in the fair value hierarchy. A fair value remeasurement loss of \$7 was recorded in the Company's condensed interim consolidated statement of income for the period ended February 28, 2025 (February 29, 2024 – fair value remeasurement loss of \$173).

# MTY Food Group Inc.

## Notes to the condensed interim consolidated financial statements

For the three-month periods ended February 28, 2025 and February 29, 2024

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

(Unaudited)

### 11. Financial instruments (continued)

*Fair value of recognized financial instruments (continued)*

On September 19, 2024, the Company entered into a three-year CORRA fixed interest rate swap for a notional amount of \$100,000. The period of three years ends on September 17, 2027. Under the terms of this swap, the interest rate is fixed at 2.79%. A derivative liability of \$870 was recorded as at February 28, 2025 (November 30, 2024 – derivative asset of \$143). The Company has classified this as level 2 in the fair value hierarchy. A fair value remeasurement loss of \$1,011 was recorded in the Company's condensed interim consolidated statement of comprehensive income for the three-month period ended February 28, 2025 (February 29, 2024 – nil).

On September 24, 2024, the Company entered into a three-year CORRA fixed interest rate swap for a notional amount of \$50,000. The period of three years ends on September 24, 2027. Under the terms of this swap, the interest rate is fixed at 2.77%. A derivative liability of \$427 was recorded as at February 28, 2025 (November 30, 2024 – derivative asset of \$99). The Company has classified this as level 2 in the fair value hierarchy. A fair value remeasurement loss of \$520 was recorded in the Company's condensed interim consolidated statement of comprehensive income for the three-month period ended February 28, 2025 (February 29, 2024 – nil).

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

	Cross currency interest rate swaps	2-year SOFR fixed interest rate swap	3-year SOFR fixed interest rate swap	3-year CORRA fixed interest rate swap	3-year CORRA fixed interest rate swap	Total
	\$	\$	\$	\$	\$	\$
Current portion of derivative assets	4,359	238	15	—	—	4,612
Long-term portion of derivative assets	—	—	14	—	—	14
<b>Total derivative assets</b>	<b>4,359</b>	<b>238</b>	<b>29</b>	<b>—</b>	<b>—</b>	<b>4,626</b>
Current portion of derivative liabilities	—	—	—	(337)	(165)	(502)
Long-term portion of derivative liabilities	—	—	—	(533)	(262)	(795)
<b>Total derivative liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(870)</b>	<b>(427)</b>	<b>(1,297)</b>

#### 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:

	<u>2025</u>
	\$
Financial liabilities classified as level 3 as at November 30, 2024	2,142
Revaluation of financial liabilities recorded at fair value	35
<b>Financial liabilities classified as level 3 as at February 28, 2025</b>	<b>2,177</b>

# MTY Food Group Inc.

## Notes to the condensed interim consolidated financial statements

For the three-month periods ended February 28, 2025 and February 29, 2024

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

(Unaudited)

### 11. Financial instruments (continued)

*Fair value of recognized financial instruments (continued)*

As at February 28, 2025 and February 29, 2024, the financial liabilities classified as level 3 in the fair value hierarchy were comprised of the following:

	February 28, 2025	November 30, 2024
	\$	\$
Fair value of non-controlling interest buyback obligation in 9974644 Canada Inc.	2,177	2,142
<b>Financial liabilities classified as level 3</b>	<b>2,177</b>	<b>2,142</b>

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.

#### *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.

### 12. Revenue

	Three months ended					
	February 28, 2025			February 29, 2024		
	Canada	US & International	TOTAL	Canada	US & International	TOTAL
	\$	\$	\$	\$	\$	\$
Royalties	21,267	41,461	62,728	21,381	40,983	62,364
Franchise and transfer fees	1,549	1,871	3,420	1,461	2,144	3,605
Retail, food processing and distribution revenues	37,311	656	37,967	34,820	532	35,352
Sale of goods, including construction revenue	10,680	116,107	126,787	9,718	113,138	122,856
Gift card breakage income	189	2,183	2,372	173	2,042	2,215
Promotional funds	10,109	18,140	28,249	10,371	18,812	29,183
Other franchising revenue	9,925	9,741	19,666	9,642	8,846	18,488
Other	551	3,052	3,603	1,084	3,497	4,581
	<b>91,581</b>	<b>193,211</b>	<b>284,792</b>	<b>88,650</b>	<b>189,994</b>	<b>278,644</b>

**MTY Food Group Inc.****Notes to the condensed interim consolidated financial statements**

For the three-month periods ended February 28, 2025 and February 29, 2024

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

(Unaudited)

**13. Operating expenses**

	Three months ended					
	February 28, 2025			February 29, 2024		
	Canada	US & International	TOTAL	Canada	US & International	TOTAL
	\$	\$	\$	\$	\$	\$
Cost of goods sold and rent	5,061	38,018	43,079	5,139	35,442	40,581
Retail, food processing and distribution costs	33,948	222	34,170	31,510	97	31,607
Wages and benefits	17,083	59,906	76,989	15,678	58,538	74,216
Other corporate store expenses	1,204	13,966	15,170	755	14,665	15,420
Consulting and professional fees	2,231	1,632	3,863	2,146	2,883	5,029
Acquisition-related transaction costs	—	1,411	1,411	—	—	—
Insurance and taxes	453	2,197	2,650	472	1,867	2,339
Utilities, repairs and maintenance	526	6,184	6,710	417	5,500	5,917
Advertising, travel, meals and entertainment	961	3,857	4,818	1,161	3,450	4,611
Gift cards – related costs	—	1,411	1,411	—	3,589	3,589
Royalties	22	1,803	1,825	17	1,779	1,796
Promotional funds <sup>(1)</sup>	10,109	18,140	28,249	10,371	18,812	29,183
(Reversal of impairment) impairment for expected credit losses	(60)	353	293	931	2	933
Other <sup>(2)</sup>	2,124	3,580	5,704	1,411	2,750	4,161
	<b>73,662</b>	<b>152,680</b>	<b>226,342</b>	<b>70,008</b>	<b>149,374</b>	<b>219,382</b>

<sup>(1)</sup> Promotional fund expenses include wages and benefits.<sup>(2)</sup> Other operating expenses are comprised mainly of other office administration expenses.

# MTY Food Group Inc.

## Notes to the condensed interim consolidated financial statements

For the three-month periods ended February 28, 2025 and February 29, 2024

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

(Unaudited)

### 14. 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 ended February 28, 2025 and February 29, 2024.

#### February 28, 2025

	CANADA					US & INTERNATIONAL						Total consolidated	
	Franchising	Corporate	Processing, distribution and retail	Promotional funds	Interco	Franchising	Corporate	Processing, distribution and retail	Promotional funds	Interco	Total US & International		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Revenue	34,463	9,833	37,483	10,109	(307)	91,581	58,451	116,091	656	18,140	(127)	193,211	284,792
Operating expenses	19,704	10,150	34,094	10,109	(395)	73,662	30,909	103,448	222	18,140	(39)	152,680	226,342
Segment profit (loss)	14,759	(317)	3,389	—	88	17,919	27,542	12,643	434	—	(88)	40,531	58,450

#### February 29, 2024

	CANADA					US & INTERNATIONAL						Total consolidated	
	Franchising	Corporate	Processing, distribution and retail	Promotional funds	Interco	Franchising	Corporate	Processing, distribution and retail	Promotional funds	Interco	Total US & International		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Revenue	35,150	8,434	35,122	10,371	(427)	88,650	57,422	113,399	533	18,812	(172)	189,994	278,644
Operating expenses	19,453	8,937	31,765	10,371	(518)	70,008	30,070	100,476	97	18,812	(81)	149,374	219,382
Segment profit (loss)	15,697	(503)	3,357	—	91	18,642	27,352	12,923	436	—	(91)	40,620	59,262

# MTY Food Group Inc.

## Notes to the condensed interim consolidated financial statements

For the three-month periods ended February 28, 2025 and February 29, 2024

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

(Unaudited)

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

Changes in non-cash operating activities are as follows:

	February 28, 2025	February 29, 2024
	\$	\$
Accounts receivable	2,111	4,362
Inventories	2,175	1,211
Other assets	(2,589)	(2,021)
Prepaid expenses and deposits	(1,793)	(2,753)
Accounts payable and accrued liabilities	4,335	343
Provisions	774	(387)
Gift card and loyalty program liabilities	7,301	8,306
Deferred revenue and deposits	4	2,207
	<b>12,318</b>	<b>11,268</b>

For the three-month period ended February 28, 2025, non-cash items amounting to \$274 (2024 – \$368) are included in proceeds on disposal of property, plant and equipment, primarily related to commitments made as part of the disposal of a portfolio of corporately-owned locations in the US segment.