
Condensed
interim consolidated financial statements of
MTY Food Group Inc.

For the three and nine-month periods ended August 31, 2025 and 2024

MTY Food Group Inc.

Condensed interim consolidated statements of income

For the three and nine-month periods ended August 31, 2025 and 2024

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

(Unaudited)

		Three months ended August 31		Nine months ended August 31	
		2025	2024	2025	2024
Notes		\$	\$	\$	\$
Revenue	13 & 15	296,989	292,753	886,655	875,136
Expenses					
Operating expenses	14 & 15	223,785	220,972	685,716	670,895
Depreciation – property, plant and equipment and right-of-use assets		14,930	15,031	44,440	44,673
Amortization – intangible assets		8,126	7,934	24,615	23,617
Interest on long-term debt		8,751	12,119	26,809	36,088
Net interest expense on leases	7	2,640	2,776	8,222	8,384
Impairment (reversal) charge – right-of-use assets	7	(1,030)	—	(535)	114
Impairment charge – property, plant and equipment and intangible assets	8	6,241	2,986	6,676	8,382
		263,443	261,818	795,943	792,153
Other income (expenses)					
Unrealized and realized foreign exchange gain		723	7,374	14,303	4,521
Interest income		71	255	261	527
Gain (loss) on de-recognition/lease modification of lease liabilities		427	319	(65)	148
Gain on disposal of property, plant and equipment		119	826	37	746
Revaluation of financial liabilities and derivatives recorded at fair value	12	(330)	(1,015)	(660)	(356)
Restructuring		—	(847)	—	(1,690)
Gain on extinguishment of debt		—	—	—	131
		1,010	6,912	13,876	4,027
Income before taxes		34,556	37,847	104,588	87,010
Income tax expense (recovery)					
Current		8,514	2,690	23,685	7,624
Deferred		(2,103)	117	(6,336)	(500)
		6,411	2,807	17,349	7,124
Net income		28,145	35,040	87,239	79,886
Net income attributable to:					
Owners		27,875	34,886	86,907	79,469
Non-controlling interests		270	154	332	417
Net income		28,145	35,040	87,239	79,886
Net income per share	11				
Basic		1.22	1.46	3.77	3.30
Diluted		1.22	1.46	3.77	3.30

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, 2025 and 2024

(In thousands of Canadian dollars)

(Unaudited)

		Three months ended August 31		Nine months ended August 31	
		2025	2024	2025	2024
		\$	\$	\$	\$
Notes					
Net income		28,145	35,040	87,239	79,886
Other comprehensive income (loss)					
Items that may be reclassified subsequently to net income					
Translation adjustments					
Unrealized loss on translation of foreign operations		(1,753)	(13,676)	(26,500)	(10,771)
Cash flow hedges					
Change in fair value of financial instruments	12	58	(799)	(873)	2,686
Loss realized on financial instruments transferred to earnings	12	(685)	(477)	(2,890)	(3,235)
Deferred tax recovery on foreign currency translation adjustments and cash flow hedges		547	2,789	3,288	2,459
		(1,833)	(12,163)	(26,975)	(8,861)
Total comprehensive income		26,312	22,877	60,264	71,025
Total comprehensive income attributable to:					
Owners		26,042	22,723	59,932	70,608
Non-controlling interests		270	154	332	417
		26,312	22,877	60,264	71,025

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, 2025 and 2024

(In thousands of Canadian dollars)

(Unaudited)

For the nine months ended August 31, 2025

Balance, beginning of period

Net income

Other comprehensive loss

Total comprehensive income

Shares repurchased and cancelled (Note 10)

Dividends

Share-based compensation

Balance, end of period

Reserves		Contributed surplus	Accumulated other comprehensive income	Total reserves	Retained earnings	Equity attributable to owners	Equity attributable to non-controlling interests	Total
Capital stock	Other							
\$	\$	\$	\$	\$	\$	\$	\$	\$
290,593	(850)	6,295	59,705	65,150	446,094	801,837	1,613	803,450
—	—	—	—	—	86,907	86,907	332	87,239
—	—	—	(26,975)	(26,975)	—	(26,975)	—	(26,975)
						59,932	332	60,264
(7,310)	—	—	—	—	(19,088)	(26,398)	—	(26,398)
—	—	—	—	—	(22,764)	(22,764)	(96)	(22,860)
—	—	375	—	375	—	375	—	375
283,283	(850)	6,670	32,730	38,550	491,149	812,982	1,849	814,831

For the nine months ended August 31, 2024

Balance, beginning of period

Net income

Other comprehensive loss

Total comprehensive income

Shares repurchased and cancelled (Note 10)

Dividends

Share-based compensation

Balance, end of period

Reserves		Contributed surplus	Accumulated other comprehensive loss	Total reserves	Retained earnings	Equity attributable to owners	Equity attributable to non-controlling interests	Total
Capital stock	Other							
\$	\$	\$	\$	\$	\$	\$	\$	\$
301,779	(850)	5,649	25,470	30,269	479,364	811,412	1,477	812,889
—	—	—	—	—	79,469	79,469	417	79,886
—	—	—	(8,861)	(8,861)	—	(8,861)	—	(8,861)
						70,608	417	71,025
(7,345)	—	—	—	—	(20,455)	(27,800)	—	(27,800)
—	—	—	—	—	(20,226)	(20,226)	(330)	(20,556)
—	—	524	—	524	—	524	—	524
294,434	(850)	6,173	16,609	21,932	518,152	834,518	1,564	836,082

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, 2025 and November 30, 2024

(In thousands of Canadian dollars)

(Unaudited)

		August 31, 2025	November 30, 2024
	Notes	\$	\$
Assets			
Current assets			
Cash		37,069	50,409
Accounts receivable	5	99,694	81,240
Inventories		15,876	20,002
Assets held for sale	6	2,372	4,365
Current portion of loans and other receivables		767	1,495
Current portion of finance lease receivables	7	72,911	76,152
Income taxes receivable		7,139	6,757
Current portion of derivative assets	12	78	3,674
Other assets		6,389	5,199
Prepaid expenses and deposits		15,422	13,855
		257,717	263,148
Loans and other receivables		2,650	2,499
Finance lease receivables	7	225,606	231,652
Contract cost asset		8,139	7,949
Deferred income taxes		1,219	9,701
Derivative assets	12	15	177
Property, plant and equipment		93,136	103,916
Right-of-use assets	7	165,657	185,168
Intangible assets		1,045,651	1,088,314
Goodwill		684,470	693,835
		2,484,260	2,586,359
Liabilities and Shareholders' equity			
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		128,395	134,390
Provisions		3,598	3,866
Gift card and loyalty program liabilities		158,481	157,534
Income taxes payable		11,373	5,083
Current portion of deferred revenue and deposits		15,070	15,827
Current portion of long-term debt	9	1,855	2,464
Current portion of derivative liabilities	12	2,376	—
Current portion of lease liabilities	7	107,106	110,910
Liabilities held for sale	6	488	2,964
		428,742	433,038
Long-term debt	9	637,004	704,141
Lease liabilities	7	381,543	404,228
Deferred revenue and deposits		59,174	57,660
Deferred income taxes		162,527	183,842
Derivative liabilities	12	439	—
		1,669,429	1,782,909

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

As at August 31, 2025 and November 30, 2024

(In thousands of Canadian dollars)

(Unaudited)

		August 31, 2025	November 30, 2024
Notes		\$	\$
Shareholders' equity			
Equity attributable to owners			
Capital stock	10	283,283	290,593
Reserves		38,550	65,150
Retained earnings		491,149	446,094
		812,982	801,837
Equity attributable to non-controlling interests		1,849	1,613
		814,831	803,450
		2,484,260	2,586,359

Approved by the Board on October 9, 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 and nine-month periods ended August 31, 2025 and 2024

(In thousands of Canadian dollars)

(Unaudited)

		Three months ended August 31		Nine months ended August 31	
		2025	2024	2025	2024
Notes		\$	\$	\$	\$
Operating activities					
	Net income	28,145	35,040	87,239	79,886
	Adjusting items:				
	Interest on long-term debt	8,751	12,119	26,809	36,088
7	Net interest expense on leases	2,640	2,776	8,222	8,384
	Depreciation – property, plant and equipment and right-of-use assets	14,930	15,031	44,440	44,673
	Amortization – intangible assets	8,126	7,934	24,615	23,617
7	Impairment (reversal) charge – right-of-use assets	(1,030)	—	(535)	114
8	Impairment charge – property, plant and equipment and intangible assets	6,241	2,986	6,676	8,382
	Unrealized foreign exchange gain	(723)	(7,374)	(14,303)	(4,521)
	(Gain) loss on de-recognition/lease modification of lease liabilities	(427)	(319)	65	(148)
	Loss on disposal of property, plant and equipment	(119)	(826)	(37)	(746)
12	Revaluation of financial liabilities and derivatives recorded at fair value	330	1,015	660	356
	Gain on extinguishment of debt	—	—	—	(131)
	Income tax expense	6,411	2,807	17,349	7,124
	Share-based compensation	275	164	375	524
		73,550	71,353	201,575	203,602
	Income taxes (paid) received	(7,725)	8,318	(17,741)	(2,347)
	Interest paid	(9,032)	(12,262)	(28,100)	(35,871)
	Other	123	(57)	802	(1,190)
16	Changes in non-cash working capital items	(17,907)	(997)	(18,565)	(3,103)
	Cash provided by operating activities	39,009	66,355	137,971	161,091
Investing activities					
	Repayment (issuance) of loans and other receivables	1,047	(2,704)	584	(2,453)
	Additions to property, plant and equipment	(2,681)	(6,375)	(10,728)	(20,651)
	Additions to intangible assets	(81)	(808)	(1,797)	(1,462)
	Proceeds on disposal of property, plant and equipment	486	801	1,808	3,685
	Cash used in investing activities	(1,229)	(9,086)	(10,133)	(20,881)

MTY Food Group Inc.

Condensed interim consolidated statements of cash flows (continued)

For the three and nine-month periods ended August 31, 2025 and 2024

(In thousands of Canadian dollars)

(Unaudited)

		Three months ended August 31		Nine months ended August 31	
		2025	2024	2025	2024
		\$	\$	\$	\$
Financing activities					
Issuance of long-term debt		—	—	—	14,785
Repayment of long-term debt		(30,353)	(33,853)	(56,112)	(84,813)
Net lease payments	7	(10,914)	(10,702)	(34,286)	(32,149)
Shares repurchased and cancelled	10	—	(11,442)	(26,398)	(27,800)
Capitalized financing costs		—	—	—	(1,052)
Proceed on disposal of SOFR fixed interest rate swap	12	—	6,562	—	6,562
Dividends paid to non-controlling shareholders of subsidiaries		—	—	(96)	(330)
Dividends paid		(7,538)	(6,674)	(22,764)	(20,226)
Cash used in financing activities		(48,805)	(56,109)	(139,656)	(145,023)
Net increase (decrease) in cash		(11,025)	1,160	(11,818)	(4,813)
Effect of foreign exchange rate loss (gain) on cash		890	(2,424)	(1,522)	(3,093)
Cash, beginning of period		47,204	52,253	50,409	58,895
Cash, end of period		37,069	50,989	37,069	50,989

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

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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 and nine months ended August 31, 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 October 9, 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;
- IFRS 16 as disclosed in Note 3 to these financial statements; and
- IAS 12 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.

2. Basis of preparation (continued)**Seasonality**

Results of operations for any interim period are not necessarily indicative of the results of operations for the full year. The Company expects that seasonality will continue to be a factor in the quarterly variation of its results. For example, the Frozen treat category, which is a significant category in the United States ("US") market, varies significantly during the winter season as a result of weather conditions. This risk is offset by other brands that have better performance during 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.

3. Changes in accounting policies (continued)**IAS12, Income Taxes**

In May 2023, the IASB issued International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12). These amendments introduced a temporary exception to the accounting for deferred taxes arising from the implementation of the Pillar Two model rules developed by the Organization for Economic Co-operation and Development. Specifically, the amendments require entities to not recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require specific disclosures to help users understand the entity's exposure to such taxes. The amendments to IAS 12 are effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. The Corporation adopted these amendments effective December 1, 2024.

As a result, the Corporation has applied the exception to not recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Income tax expense recognized in the condensed interim consolidated statement of income for the nine-month period ended August 31, 2025 includes \$6.2 million (2024 – not applicable) related to Pillar Two income taxes.

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, 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 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
IFRS 18	Presentation and Disclosure in Financial Statements	April 2024	December 1, 2027	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 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.

4. Future accounting changes (continued)**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.

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.

5. Accounts receivable

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

	August 31, 2025	November 30, 2024
	\$	\$
Total accounts receivable	107,379	89,297
Less: Allowance for credit losses	7,685	8,057
Total accounts receivable, net	99,694	81,240
Of which:		
Not past due	76,024	64,045
Past due for more than one day but no more than 30 days	8,657	4,439
Past due for more than 31 days but no more than 60 days	2,294	2,097
Past due for more than 61 days	12,719	10,659
Total accounts receivable, net	99,694	81,240

6. Assets and liabilities held for sale

During the year ended November 30, 2024, the Company designated certain assets and liabilities related to a casual dining brand as held for sale. The assets primarily consisted of inventories, prepaid expenses, deposits, right-of-use assets (Note 7), property, plant and equipment, and intangible assets while the liabilities included in the carrying value were the gift card liability and the lease liability (Note 7)

During the period ended August 31, 2025, the Company determined that the assets and liabilities no longer met the criteria to be classified as held for sale, as the Company no longer intends to divest these operations. Accordingly, the assets and liabilities have been reclassified back to their respective categories in the condensed interim consolidated financial statements. The impairment recognized on reclassification was subsequently reversed, as described in Note 8 and depreciation on these assets has resumed in accordance with applicable accounting standards.

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the three and nine-month periods ended August 31, 2025 and 2024

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

(Unaudited)

6. Assets and liabilities held for sale (continued)

This reclassification led to a reversal of an impairment charge of \$689 to property, plant and equipment, \$1,485 to intangible assets and \$1,084 to right-of-use-assets. The total carrying amount reversed from held for sale is comprised of assets of \$4,281 and liabilities of \$2,907, resulting in a net amount of \$1,374.

During the period ended August 31, 2025, the Company designated four Company-owned stores related to two casual dining brands as held for sale. This decision reflects management's formal commitment to a plan to divest these assets, which primarily include property plant and equipment, right-of-use assets and lease liabilities (Note 7). Consistent with applicable accounting standards, the assets are measured at the lower of their carrying amount or fair value less costs to sell. No depreciation or amortization has been recorded on these assets while classified as held for sale.

The designation to an available for sale asset and liability led to an impairment charge of \$382 to property plant and equipment and a reclassification from right-of-use-assets and lease liability of \$447 to held for sale asset and liability respectively. The total carrying amount reclassified as held for sale is comprised of assets of \$2,372 and lease liabilities of \$488 resulting in a net amount of \$1,884.

7. Leases

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

Leases and subleases typically have terms ranging between five and 10 years at inception. The Company 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 nine-month period ended August 31, 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	7,240	—	276	7,516
Reclassified from assets held for sale (Note 6)	831	—	—	831
Depreciation expense	(26,692)	(491)	(231)	(27,414)
Impairment reversal	535	—	—	535
De-recognition/lease modification of lease liabilities	3,238	(1,742)	(39)	1,457
Foreign exchange	(2,460)	28	(4)	(2,436)
Balance as at August 31, 2025	160,654	4,455	548	165,657

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

For the three and nine-month periods ended August 31, 2025 and 2024

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

(Unaudited)

7. Leases (continued)**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, 2025 :

	2025
	\$
Balance as at November 30, 2024	307,804
Additions	27,516
Lease renewals and modifications	34,919
Lease terminations	(8,415)
Other adjustments	217
Interest income ⁽¹⁾	10,011
Receipts	(71,371)
Foreign exchange	(2,164)
Balance as at August 31, 2025	298,517

⁽¹⁾ During the nine-month period ended August 31, 2024, the Company recorded interest income on finance lease receivables of \$9,458.

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

	Finance lease receivables
	\$
Current portion	76,152
Long-term portion	231,652
November 30, 2024	307,804
Current portion	72,911
Long-term portion	225,606
August 31, 2025	298,517

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(Unaudited)

7. Leases (continued)**Lease liabilities**

The following table provides the carrying amount of the lease liabilities and the changes in the nine-month period ended August 31, 2025:

	2025
	\$
Balance as at November 30, 2024	515,138
Additions	23,929
Reclassified from assets held for sale (Note 6)	2,063
Lease renewals and modifications	50,258
Lease terminations	(9,124)
Other adjustments	(1,341)
Interest expense ⁽¹⁾	18,233
Payments	(105,657)
Foreign exchange	(4,850)
Balance as at August 31, 2025	488,649

⁽¹⁾ During the nine-month period ended August 31, 2024, the Company recorded interest expense on lease liabilities of \$17,842.

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

	Lease liabilities
	\$
Current portion	110,910
Long-term portion	404,228
November 30, 2024	515,138
Current portion	107,106
Long-term portion	381,543
August 31, 2025	488,649

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8. 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 \$382 and \$818 for the three and nine-month period ended August 31, 2025, respectively (2024 – \$791 and \$4,847, respectively) of impairment losses on its property, plant and equipment for certain corporate owned locations in the US & International geographical segments (2024 – corporate owned locations in the US & International and Canadian geographical segments) and recognized a reversal of \$689 (Note 6) for both periods (2024 - nil for both periods) for certain corporate owned locations in the US & International geographical segments. During the three-month and nine-month period ended August 31, 2025, the Company recorded an impairment loss of \$8,033 for both periods (2024 – \$2,195 and \$3,535, respectively) related to its franchise rights and trademarks for five brands and recognized a reversal of \$1,485 (Note 6) for both periods (2024 - nil for both periods) related to its trademarks for brands in the US & International and Canadian geographical segments. These amounts have 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.

9. Long-term debt

	August 31, 2025	November 30, 2024
	\$	\$
Non-interest-bearing contract cancellation fees and holdbacks on acquisitions	—	1,552
Fair value of non-controlling interest buyback obligation in 9974644 Canada Inc. ⁽¹⁾	2,365	2,142
Revolving credit facility payable to a syndicate of lenders ⁽²⁾	637,179	704,578
Credit facility financing costs	(685)	(1,667)
	638,859	706,605
Less: Current portion	(1,855)	(2,464)
	637,004	704,141

⁽¹⁾ Payable on demand.

⁽²⁾ 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 August 31, 2025, the Company had drawn CAD\$253,000 and US\$281,000 (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.

10. Capital stock

On June 30, 2025, the Company announced the renewal of the normal course issuer bid ("NCIB"). The NCIB began on July 3, 2025 and will end on July 2, 2026 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 1,142,068 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, 2025, the Company repurchased and cancelled a total of nil and 584,400 common shares, respectively (2024 – 254,700 and 592,200, respectively), under the current NCIB, at a weighted average price of nil and \$44.78, respectively per common share (2024 – \$44.92 and \$46.94, respectively), for a total consideration of nil and \$26,398, respectively (2024 – \$11,442 and \$27,800, respectively). An excess of nil and \$19,088, respectively (2024 – \$8,283 and \$20,455, respectively) of the shares' repurchase value over their carrying amount was charged to retained earnings as share repurchase premiums.

MTY Food Group Inc.

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(Unaudited)

11. 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	
	2025	2024	2025	2024
Weighted daily average number of common shares – basic	22,841,361	23,871,807	23,031,868	24,107,968
Assumed exercise of stock options ⁽¹⁾	—	—	812	2,414
Weighted daily average number of common shares – diluted	22,841,361	23,871,807	23,032,680	24,110,382

⁽¹⁾ The calculation of the assumed exercise of stock options includes the effect of the average unrecognized future compensation cost of dilutive options. The number of excluded options for the three and nine-month periods ended August 31, 2025 was 425,000 for both periods (2024 – 440,000 and 306,668, respectively).

12. 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

On August 29, 2025, the Company entered into one floating to floating 1-month cross currency interest rate swap (November 30, 2024 – one floating to floating 3-month cross currency interest rate swap). A derivative liability at fair value of \$1,971 was recorded as at August 31, 2025 (November 30, 2024 – derivative asset of \$3,071) in the current portion of derivative liabilities in the condensed interim consolidated statements of financial position. The Company has classified this as level 2 in the fair value hierarchy.

	August 31, 2025	November 30, 2024
	1-month	3-month
Receive – Notional	US\$182,698	US\$189,200
Receive – Rate	6.12%	6.51%
Pay – Notional	CA\$253,000	CA\$262,000
Pay – Rate	4.47%	5.43%

12. Financial instruments (continued)*Fair value of recognized financial instruments (continued)*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 of nil and was recorded in the Company's condensed interim consolidated statement of comprehensive income for the three and nine-month periods ended August 31, 2025, respectively (2024 – fair value remeasurement loss of \$481 and a fair value remeasurement gain of \$246, respectively). On June 4, 2024, the Company sold the 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 and nine-month periods ended August 31, 2025, the Company recorded a gain of \$895 and \$2,684 in the Company's condensed interim consolidated statement of income related to this amortization, respectively (2024 – \$795).

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 ended 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 nil was recorded as at August 31, 2025 (November 30, 2024 – \$499). The Company has classified this as level 2 in the fair value hierarchy. A fair value remeasurement loss of nil and \$495 was recorded in the Company's condensed interim consolidated statement of income for the three and nine-month periods ended August 31, 2025 (2024 – fair value remeasurement loss of \$716 and \$507, respectively).

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 \$52 was recorded as at August 31, 2025 (November 30, 2024 – \$39). The Company has classified this as level 2 in the fair value hierarchy. A fair value remeasurement gain of \$14 and \$17 was recorded in the Company's condensed interim consolidated statement of income for the three and nine-month periods ended August 31, 2025, respectively (2024 – fair value remeasurement loss of \$334 and \$277, respectively).

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 \$571 was recorded as at August 31, 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 gain of \$181 and loss of \$713 was recorded in the Company's condensed interim consolidated statement of comprehensive income for the three and nine-month periods ended August 31, 2025, respectively (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 \$273 was recorded as at August 31, 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 gain of \$87 and loss of \$365 was recorded in the Company's condensed interim consolidated statement of comprehensive income for the three and nine-month periods ended August 31, 2025, respectively (2024 – nil).

Range bonus accumulator (RBA)

On April 8, 2025, the Company entered a one-year range bonus accumulator ("RBA") agreement, which is a written option that provides incremental returns if the foreign exchange rate remains within a predetermined range. The contract involves monthly observations of the USD/CAD exchange rate and may trigger an obligation of a notional amount of US\$1,000 if rates move outside defined limits. A derivative asset of \$41 was recorded as at August 31, 2025. The Company has classified this as level 2 in the fair value hierarchy. A fair value gain of \$1 and gain of \$41 was recorded in the Company's condensed interim consolidated statement of income for the three and nine-month periods ended August 31, 2025, respectively.

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

(Unaudited)

12. Financial instruments (continued)

Fair value of recognized financial instruments (continued)

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

	Cross currency interest rate swaps	1-year SOFR fixed interest rate swap (RBA)	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	—	41	37	—	—	78
Long-term portion of derivative assets	—	—	15	—	—	15
Total derivative assets	—	41	52	—	—	93
Current portion of derivative liabilities	(1,971)	—	—	(274)	(131)	(2,376)
Long-term portion of derivative liabilities	—	—	—	(297)	(142)	(439)
Total derivative liabilities	(1,971)	—	—	(571)	(273)	(2,815)

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:

	2025
	\$
Financial liabilities classified as level 3 as at November 30, 2024	2,142
Revaluation of financial liabilities recorded at fair value	223
Financial liabilities classified as level 3 as at August 31, 2025	2,365

As at August 31, 2025 and November 30, 2024, the financial liabilities classified as level 3 in the fair value hierarchy were comprised of the following:

	August 31, 2025	November 30, 2024
	\$	\$
Fair value of non-controlling interest buyback obligation in 9974644 Canada Inc.	2,365	2,142
Financial liabilities classified as level 3	2,365	2,142

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.

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12. Financial instruments (continued)

Fair value hierarchy (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.

13. Revenue

	Three months ended					
	August 31, 2025			August 31, 2024		
	US &			US &		
	Canada	International	TOTAL	Canada	International	TOTAL
	\$	\$	\$	\$	\$	\$
Royalties	23,602	45,962	69,564	23,416	46,802	70,218
Franchise and transfer fees	1,492	2,183	3,675	1,588	1,961	3,549
Retail, food processing and distribution revenues	46,015	643	46,658	39,201	897	40,098
Sale of goods, including construction revenue	11,538	107,311	118,849	12,515	109,600	122,115
Gift card breakage income	84	2,149	2,233	80	2,074	2,154
Promotional funds	12,124	19,071	31,195	10,718	19,273	29,991
Other franchising revenue	9,602	11,530	21,132	9,753	11,159	20,912
Other	843	2,840	3,683	623	3,093	3,716
	105,300	191,689	296,989	97,894	194,859	292,753
	Nine months ended					
	August 31, 2025			August 31, 2024		
	US &			US &		
	Canada	International	TOTAL	Canada	International	TOTAL
	\$	\$	\$	\$	\$	\$
Royalties	67,670	133,703	201,373	67,201	134,287	201,488
Franchise and transfer fees	4,612	6,052	10,664	4,574	5,894	10,468
Retail, food processing and distribution revenues	122,645	2,013	124,658	111,584	2,133	113,717
Sale of goods, including construction revenue	36,184	344,222	380,406	35,491	343,777	379,268
Gift card breakage income	379	6,341	6,720	354	6,104	6,458
Promotional funds	33,744	56,618	90,362	32,225	58,361	90,586
Other franchising revenue	29,434	32,253	61,687	29,326	31,602	60,928
Other	1,587	9,198	10,785	2,092	10,131	12,223
	296,255	590,400	886,655	282,847	592,289	875,136

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14. Operating expenses

	Three months ended					
	August 31, 2025			August 31, 2024		
	US &			US &		
	Canada	International	TOTAL	Canada	International	TOTAL
	\$	\$	\$	\$	\$	\$
				<i>Restated⁽¹⁾</i>		
Cost of goods sold and rent	5,685	34,586	40,271	5,852	34,262	40,114
Retail, food processing and distribution costs	41,761	144	41,905	34,647	289	34,936
Wages and benefits	17,035	53,357	70,392	16,291	56,378	72,669
Other corporate store expenses	517	12,387	12,904	1,940	13,360	15,300
Consulting and professional fees	1,006	1,932	2,938	1,362	2,555	3,917
Insurance and taxes	116	1,674	1,790	293	2,261	2,554
Utilities, repairs and maintenance	678	6,101	6,779	529	6,158	6,687
Advertising, travel, meals and entertainment	953	4,494	5,447	1,239	3,649	4,888
Gift cards – related costs	—	1,728	1,728	—	2,108	2,108
Royalties	1,811	2,615	4,426	646	2,684	3,330
Promotional funds ⁽²⁾	12,124	19,071	31,195	10,718	19,273	29,991
Impairment for expected credit losses	154	3	157	272	133	405
Other ⁽³⁾	2,635	1,218	3,853	1,213	2,860	4,073
	84,475	139,310	223,785	75,002	145,970	220,972

	Nine months ended					
	August 31, 2025			August 31, 2024		
	US &			US &		
	Canada	International	TOTAL	Canada	International	TOTAL
	\$	\$	\$	\$	\$	\$
				<i>Restated⁽¹⁾</i>		
Cost of goods sold and rent	18,030	111,423	129,453	16,598	106,634	123,232
Retail, food processing and distribution costs	110,934	503	111,437	100,072	623	100,695
Wages and benefits	51,606	174,682	226,288	49,299	174,926	224,225
Other corporate store expenses	2,864	41,242	44,106	3,447	43,167	46,614
Consulting and professional fees	5,655	6,182	11,837	4,436	7,731	12,167
Acquisition-related transaction costs	—	1,411	1,411	—	—	—
Insurance and taxes	29	6,099	6,128	1,117	6,100	7,217
Utilities, repairs and maintenance	1,812	18,378	20,190	1,426	17,021	18,447
Advertising, travel, meals and entertainment	2,876	12,248	15,124	3,563	10,506	14,069
Gift cards – related costs	—	6,353	6,353	—	7,371	7,371
Royalties	1,907	6,992	8,899	1,786	7,029	8,815
Promotional funds ⁽²⁾	33,744	56,618	90,362	32,225	58,361	90,586
(Reversal) impairment for expected credit losses	(83)	509	426	1,536	441	1,977
Other ⁽³⁾	7,305	6,397	13,702	6,300	9,180	15,480
	236,679	449,037	685,716	221,805	449,090	670,895

(1) Prior year amounts have been restated to reflect a reclassification between consulting and professional fees and royalty expense

(2) Promotional fund expenses include wages and benefits.

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

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15. 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 and nine-month periods ended August 31, 2025.

	CANADA						US & INTERNATIONAL						
	Franchising	Corporate	Processing, distribution and retail	Promotional funds	Interco	Total Canada	Franchising	Corporate	Processing, distribution and retail	Promotional funds	Interco	Total US & International	Total consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	36,355	10,801	47,066	12,125	(1,047)	105,300	64,329	107,750	643	19,072	(105)	191,689	296,989
Operating expenses	20,060	10,874	42,565	12,125	(1,149)	84,475	25,598	94,499	144	19,072	(3)	139,310	223,785
Segment profit (loss)	16,295	(73)	4,501	—	102	20,825	38,731	13,251	499	—	(102)	52,379	73,204

	CANADA						US & INTERNATIONAL						
	Franchising	Corporate	Processing, distribution and retail	Promotional funds	Interco	Total Canada	Franchising	Corporate	Processing, distribution and retail	Promotional funds	Interco	Total US & International	Total consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	108,355	31,774	124,098	33,744	(1,716)	296,255	188,039	344,104	2,013	56,618	(374)	590,400	886,655
Operating expenses	61,212	31,696	112,027	33,744	(2,000)	236,679	84,577	307,429	503	56,618	(90)	449,037	685,716
Segment profit (loss)	47,143	78	12,071	—	284	59,576	103,462	36,675	1,510	—	(284)	141,363	200,939

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

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15. Segment information (continued)

Below is a summary of each geographical and operating segment's performance for the three and nine-month periods ended August 31, 2024.

	CANADA						US & INTERNATIONAL						
	Franchising	Corporate	Processing, distribution and retail	Promotional funds	Interco	Total Canada	Franchising	Corporate	Processing, distribution and retail	Promotional funds	Interco	Total US & International	Total consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	36,998	11,198	39,484	10,718	(504)	97,894	65,606	109,198	897	19,273	(115)	194,859	292,753
Operating expenses	18,567	11,398	34,924	10,718	(605)	75,002	26,674	99,748	289	19,273	(14)	145,970	220,972
Segment profit (loss)	18,431	(200)	4,560	—	101	22,892	38,932	9,450	608	—	(101)	48,889	71,781

	CANADA						US & INTERNATIONAL						
	Franchising	Corporate	Processing, distribution and retail	Promotional funds	Interco	Total Canada	Franchising	Corporate	Processing, distribution and retail	Promotional funds	Interco	Total US & International	Total consolidated
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Revenue	108,068	31,393	112,422	32,225	(1,261)	282,847	188,072	344,116	2,133	58,361	(393)	592,289	875,136
Operating expenses	58,271	32,121	100,739	32,225	(1,551)	221,805	85,235	304,974	623	58,361	(103)	449,090	670,895
Segment profit (loss)	49,797	(728)	11,683	—	290	61,042	102,837	39,142	1,510	—	(290)	143,199	204,241

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

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16. Condensed interim consolidated statement of cash flows

Changes in non-cash operating activities are as follows:

	Three months ended August 31		Nine months ended August 31	
	2025	2024	2025	2024
	\$	\$	\$	\$
Accounts receivable	(14,501)	(155)	(19,233)	784
Inventories	110	(51)	3,998	1,382
Other assets	146	2,944	(1,286)	1,578
Prepaid expenses and deposits	547	1,297	(2,101)	(792)
Accounts payable and accrued liabilities	194	(1,254)	(5,221)	(9,003)
Provisions	(621)	380	(268)	(537)
Gift card and loyalty program liabilities	(3,599)	(3,430)	3,787	1,885
Deferred revenue and deposits	(183)	(728)	1,759	1,600
	(17,907)	(997)	(18,565)	(3,103)

For the three and nine-month periods ended August 31, 2025, non-cash items amounting to \$(140) and \$165, respectively (2024 – \$(549) and \$(181), respectively), 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.