



RESILIENT. READY.

2025 ANNUAL REPORT





RESILIENT. READY.

MTY Group franchises and operates quick-service, fast casual and casual dining restaurants under a broad portfolio of diversified brands across Canada, the U.S. and internationally. Based in Montreal, MTY is a family whose heart beats to the rhythm of its brands, the very soul of its multi-branded strategy. For over 45 years, it has been increasing its presence by delivering new concepts of restaurants, making acquisitions, and forging strategic alliances, which have allowed it to reach new heights year after year. By combining new trends with operational know-how, the brands forming the MTY Group now touch the lives of millions of people every year. With 7,080 locations, the many flavours of the MTY Group hold the key to responding to the different tastes and needs of today's consumers as well as those of tomorrow.





JUGO JUICE

THAI ZONE



Manchu WOK

sushiGO
soupe, salade, sushi



MUCHO
BURRITO



BUILT
[CUSTOM BURGERS]

THE WORKS
CRAFT BURGERS & BEER
EST. 2001



TURTLE JACK'S
MUSKOKA GRILL

madisons
RESTAURANT & BAR

CHAMPPS
KITCHEN & BAR



cultures.

TIKI-MING
Cuisine chinoise

RANCH ONE
CHICKEN MADE FRESH

No Gize
Lifestyle Cafe

KIM CHI



Ben & Florentine
DÉJEUNER · DINER

RESTAURANT
GIORGIO
APPORTEZ VOTRE VIN

BÂTON ROUGE
GRILLHOUSE & BAR

GREAT STEAK
AMERICA'S PREMIER CHEESESTEAK



Wetzel's
Pretzels

Albion Covo

Diperie

pinkberry

STEAK FRITES
steak

COLD STONE
CREAMERY

Vanellis
METS ITALIENS FRAIS

Mikes

Valentine
L'ORIGINAL

burger.

CAFÉ
VAN HOUTTE

tasti D-lite

SCORES

La
CRÉMIÈRE
BAR LAITIÈRE

vie&nam

mm muffins

the
COUNTER
CUSTOM BURGERS

KORYO
BARBECUE CORÉEN

Foullati Cafe
& BAKERY

BO[W]LD

YUZU
sushi

bubble tea
shop

Pizza
Delight

sweetFrog
Premium Frozen Yogurt

SOUTH STREET BURGER

侍
samurai sam's
TERIYAKI GRILL

Tahoe Joe's
Famous Steakhouse

Jahnies

bakers
square
RESTAURANT & PASTA

BAJA FRESH

COUNTRY
EST. 1963
- Style -

CRAFT
REPUBLIC
BAR & GRILL

MR.SUB

WICKER
CHICKEN

Extremepita
le plaisir de bien manger

M.SOUVLAKI

Timothy's

sauce
pizza & wine

casa GRECQUE

Planet
Smoothie

TUTTI FRUTTI
Déjeuner & Dîner

sushi man

Famous
Dave's

TOSTO
QUICK-FIRE PIZZA PASTA

Dagwood's
Les Sandwicheries

VILLA MADINA
Le meilleur du marocain

Kahala
COFFEE TRADERS
COFFEE

CHICAGO'S ORIGINAL
REAL
URBAN
BBQ

THE CITY SQUARE

BIG SMOKE
BURGER

Sukiyaki

MUFFIN PLUS
WITH WHOLE GRAIN FLOUR

GRANITE CITY
RESTAURANT & BREWERY

MARINO
QUEEN

toby

AMERICA'S SUB SHOP
BLIMPIE

KUTO
Compliments & Treats

Village
Inn





7,080

LOCATIONS BY TYPE⁽¹⁾

62%
STREET FRONT



22%
NON-TRADITIONAL
FORMAT



16%
SHOPPING MALL & OFFICE
TOWER FOOD COURT



(1) Locations as of November 30, 2025.



\$119M

**NET INCOME
ATTRIBUTABLE TO OWNERS**

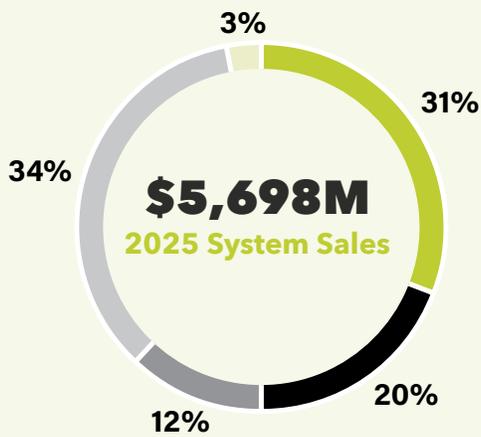
\$291.9M

**NORMALIZED
ADJUSTED EBITDA⁽¹⁾**

\$184.2M

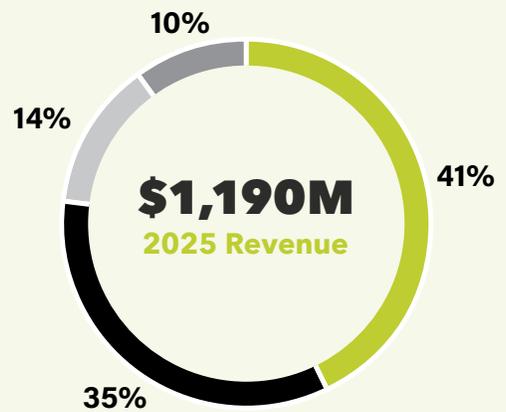
**CASH FLOWS FROM
OPERATIONS**

SYSTEM SALES⁽²⁾ BY GEOGRAPHY



- Canada
- West Coast US
- Central US
- International
- East Coast US

REVENUE⁽³⁾ BY PRODUCT

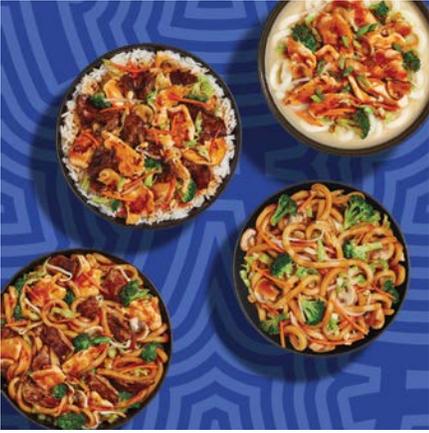


- Corporate stores
- Franchise operation
- Food processing, distribution & retail
- Promotional funds

(1) This is a non-GAAP measure. Please refer to the Supplemental Information section of the Management Discussion and Analysis for a definition.

(2) This is a supplementary financial measure. Please refer to the Supplemental Information section of the Management Discussion and Analysis for a definition.

(3) In % of fiscal 2025 revenue, excluding intercos.





FY 2025 HIGHLIGHTS

RECORD FINANCIAL RESULTS

- System sales⁽¹⁾ of \$5.7 billion
- Normalized adjusted EBITDA⁽²⁾ of \$291.9 million
- Cash flows from operations of \$184.2 million

CAPITAL ALLOCATION

- Long-term debt payments of \$69.9 million
- Dividend payments of \$30.3 million
- Shares repurchased and cancelled of \$27.7 million
- Capital expenditures and intangible assets of \$15.5 million

FINANCIAL POSITION

- Net debt to normalized adjusted EBITDA ratio⁽³⁾ of 2.0X
- Cash on hand of \$52.0 million
- Available credit of \$266.2 million

DIVIDEND PAYMENT

- Quarterly dividend payment of \$0.37 per share on February 13, 2026.

NETWORK

- Ended the year with 7,080 locations
- 327 openings
- 326 closures

(1) This is a supplementary financial measure. Please refer to the Supplemental Information section of the Management Discussion and Analysis for a definition.

(2) This is a non-GAAP measure. Please refer to the Supplemental Information section of the Management Discussion and Analysis for a definition.

(3) This is a non-GAAP ratio. Please refer to the Supplemental Information section of the Management Discussion and Analysis for a definition.



5-YEAR HIGHLIGHTS

For the years ended November 30

(in thousands of Canadian \$, except where indicated)

	2025	2024	2023	2022	2021
OPERATING RESULTS					
Revenue	1,190,169	1,159,604	1,169,334	716,522	551,903
Normalized adjusted EBITDA ⁽¹⁾	291,913	264,532	271,904	187,352	168,622
Income before taxes	138,242	15,805	109,985	96,170	112,072
Net income attributable to owners	118,992	24,170	104,082	74,817	85,639
Total comprehensive income attributable to owners	110,890	58,405	115,786	109,903	77,673
Earnings per share – basic (\$ per share)	5.18	1.01	4.26	3.06	3.47
Earnings per share – diluted (\$ per share)	5.18	1.01	4.25	3.06	3.46
Weighted daily average number of basic common shares (in 000s of shares)	22,988	23,977	24,409	24,440	24,705
Weighted daily average number of diluted common shares (in 000s of shares)	22,988	23,977	24,478	24,466	24,745
Number of shares outstanding (in 000s of shares)	22,841	23,426	24,333	24,413	24,670
NETWORK METRICS					
System sales ⁽²⁾	5,698,400	5,635,700	5,641,200	4,251,200	3,631,300
Digital sales ⁽²⁾	1,151,401	1,118,500	1,027,400	820,300	803,600
Number of locations (#)	7,080	7,079	7,116	6,788	6,719
CASH FLOW					
Cash flows from operations ⁽⁴⁾	184,151	204,807	184,586	148,481	139,299
Cash flows from operations per diluted share (\$ per share) ^(2,4)	8.01	8.54	7.54	6.07	5.63
Dividends paid on common stock	30,302	26,811	24,407	20,518	9,141
Dividends per common share (\$ per share)	1.32	1.12	1.00	0.84	0.37
Shares repurchased and cancelled	27,740	41,815	4,167	14,618	2,184
Number of shares repurchased and cancelled (#)	584,400	906,900	80,800	256,400	36,600
BALANCE SHEET					
Cash	51,989	50,409	58,895	59,479	61,231
Total assets	2,510,478	2,586,359	2,680,018	2,325,303	1,904,594
Long-term debt, including current portion	632,172	706,605	767,364	560,959	360,728
Shareholders' equity	857,019	803,450	812,889	724,626	648,898
TRADING DATA ON COMMON SHARES					
Close (\$ per share)	37.84	47.75	51.50	61.25	55.19
52-week high (\$ per share)	52.76	59.80	73.50	63.96	72.10
52-week low (\$ per share)	33.34	40.45	49.91	45.20	47.15
Market capitalization (in millions \$ per share)	864	1,119	1,253	1,495	1,362

(1) This is a non-GAAP measure. Please refer to section "Definition of non-GAAP measures" found in the Supplemental Information section of Management's Discussion and Analysis.

(2) This is a supplementary financial measure. Please refer to section "Definition of supplementary financial measures" found in the Supplemental Information section of Management's Discussion and Analysis.

(3) This is a non-GAAP ratio. Please refer to section "Definition of non-GAAP ratios" found in the Supplemental Information section of Management's Discussion and Analysis.

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



MESSAGE FROM **ÉRIC LEFEBVRE**

As we close our fiscal year ended November 2025, I would like to extend my sincere gratitude for your continued trust and support.

Fiscal 2025 tested the resilience of our system. Across both Canada and the United States, we operated in a demanding environment marked by cautious consumers, persistent inflationary pressures, and intense competition for market share. Yet through disciplined execution and unwavering focus, we demonstrated the durability of our business model and the strength of our brands.

Despite these challenges, our business remains fundamentally strong. We advanced both our near-term priorities and our long-term strategic initiatives, strengthened our portfolio, and enhanced our operational foundation in ways that position us for sustained growth.

Notably, net restaurant openings improved meaningfully, with two consecutive quarters of growth to close the year and a positive net opening result for the full fiscal year—our first since 2013. This milestone reflects years of dedicated effort by our teams to support franchisees in keeping restaurants open, encouraging transfers over closures, and accelerating new unit development. Importantly, many of these new openings were driven by existing franchisees reinvesting in the system—an unmistakable vote of confidence in our brands and our long-term strategy.

Once again, we generated strong free cash flow of \$130.6 million, or \$5.68 per share (compared to \$5.75 per share in 2024). Our ability to produce consistent and reliable cash flows across varying economic cycles underscores the resilience of our asset-light, franchise-focused model. This strength enabled us to return \$30.3 million to shareholders in dividends and invest \$27.7 million in share repurchases.

At the same time, we continued to strengthen our balance sheet, repaying nearly \$70 million of debt during the year. Following the acquisitions of Wetzel's Pretzels and BBQ Holdings, our borrowings stood at \$839.7 million. In less than three years, we have reduced that figure to \$632.2 million—substantially enhancing our financial flexibility and reinforcing our readiness for future opportunities.

Our system generated \$5.7 billion in sales in 2025, modestly above 2024 levels despite challenging market conditions. Two of our largest brands, Cold Stone Creamery and Wetzel's Pretzels, delivered exceptional results, reinforcing the strength and resilience of our diversified portfolio.

Cold Stone Creamery achieved outstanding systemwide performance, supported by robust sales, continued digital adoption, and ongoing product innovation. The brand

remains a premium experiential destination and continues to attract strong interest from both new and existing franchise partners. With a healthy development pipeline and sustained brand momentum, Cold Stone Creamery is well positioned to build on this performance in 2026 and beyond.

Wetzel's Pretzels also delivered an exceptional year, gaining traction across mall environments, high-traffic street locations, and its rapidly expanding fleet of mobile units. The brand's flexibility, compelling unit economics, and broad consumer appeal fueled another year of impressive growth. This performance validates the strategic rationale behind our December 2022 acquisition and demonstrates the brand's significant runway for expansion. By the time you read this letter, we will have opened our 500th location—an important milestone that signals both scale and future potential.

Throughout the year, our supply chain faced significant inflationary pressure across core commodities, including dairy, proteins, and packaging materials. These increases placed meaningful strain on franchisee cost structures as well as on our corporate locations.

Our teams responded with discipline, agility, and creativity. Through strategic sourcing initiatives, qualification of new suppliers, and negotiation of improved agreements, they mitigated a substantial portion of inflationary impacts while protecting product quality and supporting franchisee profitability. This effort exemplifies our culture—collaborative, solutions-oriented, and relentlessly focused on franchisee success.

Another major achievement in 2025 was the successful implementation of our new SAP enterprise resource planning system, delivered on time and on budget. This milestone represents far more than a technology upgrade—it establishes a scalable, modern infrastructure to support our next phase of growth. The system enhances data integrity, strengthens financial reporting, improves procurement visibility, and enables faster, more informed decision-making. It makes us a more connected, agile, and performance-driven organization.

While macroeconomic uncertainty may persist, we enter 2026 with momentum. Our priorities remain clear: strengthen our brands, support franchise partners, pursue disciplined development, and invest in the capabilities that will underpin long-term value creation.

Economic cycles are inevitable, and volatility has become more visible and immediate. Rather than reacting to short-term fluctuations, we remain focused on building enduring brands—brands that maintain relevance across generations and withstand shifting consumer trends. We firmly believe that sustainable value is created not by chasing emerging concepts, but by investing consistently in brands with lasting power.

To our employees, franchisees, partners, and shareholders—thank you for your continued commitment and confidence. Together, we have demonstrated resilience and are ready for the opportunities ahead.



Éric Lefebvre
President and Chief Executive Officer



SUSTAINABILITY UPDATE

At MTY, we recognize that sustainability is an ongoing journey. In 2025, we concluded our initial 2021–2025 ESG Plan, which emphasized governance, data readiness, and risk identification as critical building blocks for long-term value creation and informed decision-making across our Food, Planet, and People pillars.



FOOD PLANET PEOPLE

Over the past year, MTY continued to make progress in strengthening its environmental and social governance framework. During this period, the Company published its first Greenhouse Gas (“GHG”) report, covering Scope 1 and Scope 2 emissions for the 2023 and 2024 fiscal years, and completed a benchmark assessment of Scope 3 emissions with external advisors.

In parallel, MTY advanced the development of its 2026–2028 ESG strategic plan, which will build on the Company’s ESG progress to date and focus on operational efficiency, waste reduction in restaurants, and enhanced governance and risk management across the supply chain. The Company also continued to advance its human rights due diligence efforts, including the publication of its second Modern Slavery Act report.



MTY FOUNDATION

The MTY Foundation is committed to supporting communities by promoting access to nutritious food and strengthening the resilience of individuals and families in need. Guided by its pillars of Nourish, Empower, Commit, the Foundation focuses on addressing food insecurities and improving healthy living through strategic partnerships and community engagement across Canada, reflecting MTY’s broader commitment to social responsibility and positive community impact. To learn more, visit our website: [Foundation MTY | Nourish. Empower. Commit.](#)

Further details on MTY's ESG priorities, initiatives, and performance are provided in the Company's most recent Sustainability Report, available at <https://sustainability.mtygroup.com/>



MTY SUSTAINABILITY REPORT UPDATE

2024



MTY looks forward to releasing its 2025 Sustainability Report, which will reflect on lessons learned and progress achieved since 2021, and present the Company's ESG priorities for the 2026–2028 period.



Management's Discussion and Analysis
For the three and twelve months ended November 30, 2025
Quarterly key highlights

GAAP Measures:

- Segment profits increased by 48% to reach \$87.3 million during the quarter primarily due to a one-time catch up of gift card breakage income on unutilized gift cards.
- Net income attributable to owners increased to \$32.1 million, or \$1.40 per diluted share compared to a loss of \$55.3 million, or \$2.34 per diluted share in Q4-24.
- Cash flows provided by operating activities of \$46.2 million compared to \$43.7 million in Q4-24, an increase of \$2.5 million mainly attributable to a higher net income and a decrease in interest paid on long-term debt.
- Long-term debt repayments of \$13.8 million for the quarter with net repayments of \$69.9 million since Q4-24.

Management Key Performance Indicators:

- Normalized adjusted EBITDA⁽¹⁾ increased 48% to reach \$87.7 million in the quarter, compared to \$59.4 million in Q4-24 primarily due to a one-time catch up of gift card breakage income on unutilized gift cards.
- Net store openings of 19 locations in Q4-25 compared to net store closures of 13 locations in Q4-24. Ended the year with a net positive opening of 1, ending the year at 7,080 locations.
- Free cash flows net of lease payments⁽²⁾ increased by 38% reaching \$37.7 million or \$1.65 per diluted share compared to \$27.4 million or \$1.16 per diluted share in Q4-24,
- System sales⁽³⁾ for the quarter increased by 3% to reach \$1.4 billion for the quarter due to a 53rd week of sales recorded on some of the concepts. Excluding this 53rd week, system sales decreased by 1% .
- Same stores sales⁽³⁾ decreased by 1.7% during the quarter.
- Adjusted earnings (loss) per share⁽¹⁾ of \$1.88 per diluted share compared to \$(1.38) in Q4-24.

⁽¹⁾ See section "Definition of non-GAAP measures" found in the Supplemental Information section for definition.

⁽²⁾ See section "Definition of non-GAAP ratios" found in the Supplemental Information section for definition.

⁽³⁾ See section "Definition of supplementary financial measures" found in the Supplemental Information section for definition.



Management's Discussion and Analysis For the twelve months ended November 30, 2025

General

This Management's Discussion and Analysis of the financial position and financial performance ("MD&A") of MTY Food Group Inc. ("MTY") is supplementary information and should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes for the fiscal year ended November 30, 2025.

In the MD&A, "MTY Food Group Inc.", "MTY", or the "Company", designates, as the case may be, MTY Food Group Inc. and its Subsidiaries, or MTY Food Group Inc., or one of its subsidiaries.

The disclosures and values in this MD&A were prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards"), as issued by the International Accounting Standards Board ("IASB") and with current issued and adopted interpretations applied to fiscal years beginning on or after December 1, 2024.

This MD&A was prepared as at February 18, 2026. Supplementary information about MTY, including its latest annual and quarterly reports, and press releases, is available on SEDAR+'s website at www.sedarplus.ca.

FORWARD-LOOKING STATEMENTS AND USE OF ESTIMATES

This MD&A and, in particular but without limitation, the sections of this MD&A entitled "Near-Term Outlook", "Same-Store Sales" and "Contingent Liabilities", contain forward-looking statements. These forward-looking statements include, but are not limited to, statements relating to certain aspects of the business outlook of the Company during the course of 2025. Forward-looking statements also include any other statements that do not refer to independently verifiable historical facts. A statement made is forward-looking when it uses what is known and expected today to make a statement about the future. Forward-looking statements may include words such as "aim", "anticipate", "assumption", "believe", "could", "expect", "goal", "guidance", "intend", "may", "objective", "outlook", "plan", "project", "seek", "should", "strategy", "strive", "target" and "will". All such forward-looking statements are made pursuant to the "safe harbour" provisions of applicable Canadian securities laws.

Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as at February 18, 2026 and, accordingly, are subject to change after such date. Except as may be required by Canadian securities laws, the Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Forward-looking statements, by their very nature, are subject to inherent risks and uncertainties and are based on several assumptions, which give rise to the possibility that actual results or events could differ materially from the expectations expressed in or implied by such forward-looking statements and that the business outlook, objectives, plans and strategic priorities may not be achieved. As a result, the Company cannot guarantee that any forward-looking statement will materialize, and readers are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements are provided in this MD&A for the purpose of giving information about management's current strategic priorities, expectations and plans and allowing investors and others to get a better understanding of the business outlook and operating environment. Readers are cautioned, however, that such information may not be appropriate for other purposes.

Forward-looking statements made in this MD&A are based on a number of assumptions that are believed to be reasonable on February 18, 2026. Refer, in particular, to the section of this MD&A entitled "Risks and Uncertainties" for a description of certain key economic, market and operational assumptions the Company has used in making forward-looking statements contained in this MD&A. If the assumptions turn out to be inaccurate, the actual results could be materially different from what is expected.

In preparing the consolidated financial statements in accordance with IFRS Accounting Standards and the MD&A, management must exercise judgment when applying accounting policies and use assumptions and estimates that have an impact on the amounts of assets, liabilities, sales and expenses reported and information on contingent liabilities and contingent assets provided. The gift card liability and the associated gift card breakage is an example of a judgment made when determining fair value and can vary depending on circumstances.

Unless otherwise indicated in this MD&A, the strategic priorities, business outlooks and assumptions described in the previous MD&A remain substantially unchanged.

Important risk factors that could cause actual results or events to differ materially from those expressed in or implied by the above-mentioned forward-looking statements and other forward-looking statements included in this MD&A include, but are not limited to: the intensity of competitive activity and the resulting impact on the ability to attract customers' disposable income; the Company's ability to secure advantageous locations and renew existing leases at sustainable rates; the arrival of foreign concepts; the ability to attract new franchisees; changes in customer tastes, demographic trends and in the attractiveness of concepts, traffic patterns, occupancy cost and occupancy level of malls and office towers; general economic and financial market conditions, the level of consumer confidence and spending, and the demand for, and prices of, the products; the ability to implement strategies and plans in order to produce the expected benefits; events affecting the ability of third-party suppliers to provide essential products and services; labour availability and cost; stock market volatility; volatility in foreign exchange rates or borrowing rates; foodborne illness; operational constraints, government orders and the event of the occurrence of epidemics, other pandemics and health risks.

These and other risk factors that could cause actual results or events to differ materially from the expectations expressed in or implied by these forward-looking statements are discussed in this MD&A.

Readers are cautioned that the risks described above are not the only ones that could impact the Company. Additional risks and uncertainties not currently known or that are currently deemed to be immaterial may also have a material adverse effect on the business, financial condition or results of operations.

Except as otherwise indicated by the Company, forward-looking statements do not reflect the potential impact of any non-recurring or other special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after February 18, 2026. The financial impact of these transactions and non-recurring and other special items can be complex and depend on the facts particular to each of them. The Company therefore cannot describe the expected impact in a meaningful way or in the same way that present known risks affecting the business.

CORE BUSINESS

MTY franchises and operates quick service, fast casual and casual dining restaurants. MTY aims to be the franchisor of choice in North America and offers the market a range of offering through its many brands. MTY currently operates under the following banners: Tiki-Ming, Sukiyaki, La Crémère, Panini Pizza Pasta, Villa Madina, Cultures, Thai Express, Vanellis, Kim Chi, "TCBY", Sushi Shop, Koya Japan, Vie & Nam, Tutti Frutti, Taco Time, Country Style, Valentine, Jugo Juice, Mr. Sub, Koryo Korean Barbeque, Mr. Souvlaki, Sushi Go, Mucho Burrito, Extreme Pita, PurBlendz, ThaiZone, Madisons New York Grill & Bar, Café Dépôt, Muffin Plus, Sushi-Man, Van Houtte, Manchu Wok, Tosto, Big Smoke Burger, Cold Stone Creamery, Blimpie, Surf City Squeeze, The Great Steak & Potato Company, NrGize Lifestyle Café, Samurai Sam's Teriyaki Grill, Frullati Café & Bakery, Johnnie's New York Pizzeria, Ranch One, America's Taco Shop, Tasti D-Lite, Planet Smoothie, Maui Wowi, Pinkberry, Baja Fresh Mexican Grill, La Salsa Fresh Mexican Grill, La Diperie, Steak Frites St-Paul, Giorgio Ristorante, The Works Gourmet Burger Bistro, Dagwoods Sandwiches and Salads, The Counter Custom Burgers, Built Custom Burgers, Baton Rouge, Pizza Delight, Scores, Toujours Mikes, Ben & Florentine, Grabbagreen, Timothy's World Coffee, SweetFrog, Casa Grecque, South Street Burger, Papa Murphy's, Yuzu Sushi, Allô! Mon Coco, Turtle Jack's Muskoka Grill, COOP Wicked Chicken, Kûto Comptoir à Tartares, Famous Dave's, Village Inn, Barrio Queen, Granite City, Real Urban Barbecue, Tahoe Joe's Steakhouse, Bakers Square, Champpps, Wetzel's Pretzels, Sauce Pizza and Wine, Spice Bros and Cakes N Shakes.

As at November 30, 2025, MTY had 7,080 locations in operation, of which 6,831 were franchised or under operator agreements and the remaining 249 locations were operated by MTY.

MTY's locations can be found in: i) mall and office tower food courts and shopping malls; ii) street front; and, iii) non-traditional format within airports, petroleum retailers, convenience stores, cinemas, amusement parks, in other venues or retailers shared sites, hospitals, universities, grocery stores, and food trucks or carts. Certain locations also offer catering services. Over the last 45 years, MTY has developed several restaurant concepts, including Tiki-Ming, which was the first concept it franchised. Details on other banners added through acquisitions can be found in the supplemental section of this MD&A.

MTY has also launched multiple ghost kitchens in existing restaurant locations. These ghost kitchens and the pre-existing MTY restaurant locations are benefiting from the synergies of shared costs, streamlined workflows as well as being able to respond to the increase in delivery and takeout orders.

Revenues from franchise locations are generated from royalty fees, franchise fees, sales of turnkey projects, rent, sign rental, supplier contributions, gift card breakage and program fees and sales of other goods and services. Operating expenses related to franchising include salaries, general and administrative costs associated with existing and new franchisees, expenses in the development of new markets, costs of setting up turnkey projects, rent, supplies, finished products and equipment sold.

Revenues and expenses from corporate-owned locations include sales generated and cost incurred from their operations.

Promotional funds contributions are based on a percentage of gross sales as reported by the franchisees. The Company is not entitled to retain these promotional fund payments received and is obligated to transfer these funds to be used solely in promotional and marketing-related costs for specific restaurant banners.

MTY generates revenues from the food processing businesses discussed herein. The two plants produce various products that range from ingredients and ready to eat food sold to restaurants or other food processing plants to prepared food sold in retail stores. The plants generate most of their revenues selling their products to distributors, retailers and franchisees. The Company also generates revenue from its distribution centers that serve primarily the Valentine and Casa Grecque franchisees. Furthermore, the Company generates revenues from the sale of retail products under various brand names, which are sold at a variety of retailers.

COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Unless otherwise indicated, the financial information presented below, including tabular amounts, is prepared in accordance with IFRS Accounting Standards. Definitions of all non-GAAP ("generally accepted accounting principles") measures, non-GAAP ratios and supplemental financial measures can be found in the supplemental information section of this MD&A. The non-GAAP measures, non-GAAP ratios and supplemental financial measures used within the context of this MD&A do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

Non-GAAP measures include:

- Adjusted EBITDA: the Company believes that adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA") is a useful metric because it is consistent with the indicators management uses internally to measure the Company's performance, to prepare operating budgets and to determine components of executive compensation.
- Normalized adjusted EBITDA: the Company believes that normalized adjusted EBITDA is a useful metric for the same reasons as adjusted EBITDA; additionally, the Company believes that normalized adjusted EBITDA provides a measure of the Company's performance that does not include the impact of transaction costs related to acquisitions and SAP project implementation costs, which may vary in occurrence and in amount.
- Adjusted earnings per share: the Company believes adjusted earnings per share provides investors and management with a clearer view of operational performance by eliminating variability caused by foreign exchange fluctuations, which may vary significantly in occurrence and magnitude.
- Free cash flows net of lease payments: the Company believes that free cash flows net of lease payments is a useful metric because it provides the Company with a measure related to decision-making about cash-intensive matters such as capital expenditures, compensation, and potential acquisitions.

Non-GAAP ratios include:

- Adjusted EBITDA as a % of revenue: the Company believes that adjusted EBITDA as a % of revenue is a useful metric because it is consistent with the indicators management uses internally to measure the Company's profitability from operations, including to gauge the effectiveness of cost management measures.
- Normalized adjusted EBITDA as a % of revenue: the Company believes that normalized adjusted EBITDA as a % of revenue is a useful metric for the same reasons as adjusted EBITDA as a % of revenue; additionally, the Company believes that normalized adjusted EBITDA as a % of revenue provides a measure of the Company's performance that does not include the impact of transaction costs related to acquisitions and SAP project implementation costs, which may vary in occurrence and in amount.

- Free cash flows net of lease payments per diluted share: the Company believes that free cash flows net of lease payments per diluted share is a useful metric because it is used by securities analysts, investors and other interested parties as a measure of the Company's cash flows that are available to be distributed to debt and equity shareholders, including to pay debt, to pay dividends, and to repurchase shares.
- Debt-to-EBITDA: the Company believes that debt-to-EBITDA is a useful metric because it represents a financial covenant that the Company must be in compliance with and, accordingly, a determining factor in the Company's credit availability.

The Company also believes that these measures are used by securities analysts, investors and other interested parties and that these measures allow them to compare the Company's operations and financial performance from period to period and provide them with a supplemental measure of the operating performance and financial position and thus highlight trends in the core business that may not otherwise be apparent when relying solely on GAAP measures.

HIGHLIGHTS OF SIGNIFICANT EVENTS

Credit agreement amendment

On November 25, 2025, the Company modified its existing credit facility payable to a syndicate of lenders. The modification resulted in an extension for a period of three years with a new maturity date of November 25, 2028.

Normal Course Issuer Bid Program

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 twelve months ended November 30, 2025, the Company repurchased and cancelled a total of nil and 584,400 common shares, respectively, (2024 – 314,700 and 906,900 respectively) under the current NCIB, at a weighted average price of nil and \$44.78 per common share, respectively, (2024 – \$45.26 and \$46.36 respectively), for a total consideration of nil and 27.7 million, respectively, (2024 – \$14.0 million and \$41.8 million, respectively). An excess of \$1.3 million and \$20.4 million, respectively, (2024 – \$10.2 million and \$30.6 million, respectively) of the shares' repurchase value over their carrying amount was charged to retained earnings as share repurchase premiums.

SUMMARY OF ANNUAL FINANCIAL METRICS

(In thousands \$, except EPS, dividend per common share and number of common shares)

	Year ended November 30, 2025	Year ended November 30, 2024
Total assets	2,510,478	2,586,359
Total long-term financial liabilities	632,172	704,141
Revenue	1,190,169	1,159,604
Income before taxes	138,242	15,805
Net income attributable to owners	118,992	24,170
Total comprehensive income attributable to owners	110,890	58,405
Cash flows from operations	184,151	204,807
Net income per share – basic and diluted	5.18	1.01
Dividends paid on common stock	30,302	26,811
Dividends per common share	1.32	1.12
Weighted daily average number of common shares – basic and diluted	22,987,616	23,977,313

SUMMARY OF ANNUAL OPERATING METRICS

<i>(In thousands \$, except per share amounts)</i>	Year ended November 30, 2025	Year ended November 30, 2024
Adjusted EBITDA ⁽¹⁾	288,281	263,037
Normalized adjusted EBITDA ⁽¹⁾	291,913	264,532
Income before taxes, excluding impairment charges	152,574	90,011
Cash flows from operations per diluted share ⁽²⁾	8.01	8.54
Free cash flows net of lease payments ⁽¹⁾	130,618	137,882

⁽¹⁾ See section "Definition of non-GAAP measures" found in the Supplemental Information section for definition.

⁽²⁾ See section "Definition of supplementary financial measures" found in the Supplemental Information section for definition.

SUMMARY OF QUARTERLY FINANCIAL METRICS

<i>(In thousands \$, except per share information)</i>	Quarters ended							
	February 2024	May 2024	August 2024	November 2024	February 2025	May 2025	August 2025	November 2025
Revenue	278,644	303,739	292,753	284,468	284,792	304,874	295,108	305,395
Net income (loss) attributable to owners	17,305	27,278	34,886	(55,299)	1,743	57,289	27,875	32,085
Total comprehensive income (loss) attributable to owners share	0.71	1.13	1.46	(2.34)	0.07	2.49	1.22	1.40
Net income (loss) per diluted share	0.71	1.13	1.46	(2.34)	0.07	2.49	1.22	1.40
Cash flows provided by operating activities	54,178	40,558	66,355	43,716	58,802	40,160	39,009	46,180

⁽¹⁾ Prior quarter revenues have been restated to reflect a reclassification between revenue and operating expenses

SUMMARY OF QUARTERLY OPERATING METRICS

<i>(In thousands \$, except system sales, # of locations and per share information)</i>	Quarters ended							
	February	May	August	November	February	May	August	November
	2024	2024	2024	2024	2025	2025	2025	2025
System sales ^(1 & 2)	1,331.7	1,459.4	1,472.7	1,371.9	1,364.8	1,463.5	1,455.3	1,414.8
# of locations	7,112	7,107	7,066	7,079	7,047	7,046	7,061	7,080
Adjusted EBITDA ⁽³⁾	59,262	73,198	71,781	58,796	58,450	69,285	73,204	87,342
Normalized adjusted EBITDA ⁽³⁾	59,535	73,683	71,895	59,419	60,190	70,021	73,964	87,738
Free cash flows net of lease payments ⁽³⁾	36,922	24,321	49,271	27,368	43,527	23,622	25,819	37,650
Free cash flows net of lease payments per diluted share ⁽⁴⁾	1.52	1.01	2.06	1.16	1.87	1.03	1.13	1.65

⁽¹⁾ See section "Definition of supplementary financial measures" found in the Supplemental Information section for definition.

⁽²⁾ In millions \$.

⁽³⁾ See section "Definition of non-GAAP measures" found in the Supplemental Information section for definition.

⁽⁴⁾ See section "Definition of non-GAAP ratios" found in the Supplemental Information section for definition.

SEGMENT NOTE DISCLOSURE

Management monitors and evaluates the Company's results 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, retail, food processing and distribution and promotional funds revenues and expenses.

RESULTS OF OPERATIONS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2025

Revenue

During the 2025 fiscal year, the Company's total revenue increased to \$1,190.1 million, from \$1,159.6 million a year earlier. Revenues for the two segments of business are broken down as follows:

Segment	Subdivision	November 30, 2025	November 30, 2024	Variation
		(\$ millions)	(\$ millions)	
Canada	Franchise operation	148.1	147.5	0%
	Corporate stores	41.7	45.3	(8%)
	Food processing, distribution and retail	163.2	146.6	11%
	Promotional funds	45.7	43.6	5%
	Intercompany transactions	(9.0)	(4.6)	N/A
Total Canada		389.7	378.4	3%
US & International	Franchise operation	273.8	245.4	12%
	Corporate stores	448.5	455.5	(2%)
	Food processing, distribution and retail	2.6	2.7	(4%)
	Promotional funds	76.0	78.1	(3%)
	Intercompany transactions	(0.5)	(0.5)	N/A
Total US & International		800.4	781.2	2%
Total revenue		1,190.1	1,159.6	3%

Canada revenue analysis:

Revenue from franchise locations in Canada increased to \$148.1 million from \$147.5 million a year earlier. The segment was impacted by several factors listed below:

	<i>(In millions \$)</i>
Revenue, 2024 fiscal year	147.5
Increase in recurring revenue streams ⁽¹⁾	0.6
Decrease in initial franchise fees, renewal fees and transfer fees	(0.4)
Increase in sales of material to franchisees and rent revenues	0.1
Other non-material variations	0.3
Revenue, 2025 fiscal year	148.1

⁽¹⁾ See section "Definition of supplementary financial measures" found in the Supplemental Information section for definition.

During the 2025 fiscal year, franchising revenues increased by \$0.6 million mostly due to an increase in recurring revenue streams which was tightly correlated with the 2% increase in system sales compared to the same period last year.

Revenue from corporate-owned locations decreased by 8% to \$41.7 million during the year mainly due to a reduction in corporate locations as well as a shift in the mix of restaurant concepts in the segment with a decrease in casual dining restaurants over prior year. This was partially offset by the increase in system sales.

Food processing, distribution and retail revenues increased by 11% due to an increase in retail sales of 23%. This was partially offset by a decrease in food processing and distribution of 10%. The increase in retail sales was due primarily to a shift in the Company's retail model from a licensing agreement to vendor on record for some of the products. During the year ended November 30, 2025, 167 products were sold in the Canadian retail market (2024 – 169).

The promotional fund revenue increase of 5% is attributable to the increase in system sales as well as the impact of the various contribution rates and several other contributing elements, including fees charged to brands which had historically never paid promotional fees.

US & International revenue analysis:

Revenue from franchise locations in the US and International increased to \$273.8 million from \$245.5 million the preceding year. Several factors contributed to the variation, as listed below:

	<i>(In millions \$)</i>
Revenue, 2024 fiscal year	245.4
Decrease in recurring revenue streams ⁽¹⁾	(6.1)
Increase in initial franchise fees, renewal fees and transfer fees	0.3
Increase in sales of material and services to franchisees	0.1
Increase in gift card breakage income	29.5
Impact of variation in foreign exchange rates	4.7
Revenue, 2025 fiscal year	273.8

⁽¹⁾ See section "Definition of supplementary financial measures" found in the Supplemental Information section for definition.

During the 2025 fiscal year, franchise revenues increased by 12% compared to the same period last year largely attributable to an increase in gift card breakage income of \$29.5 million as well as a favourable foreign exchange variation of \$4.7 million. The increase in gift card breakage reflects the recognition of \$29.5 million unredeemed gift card balances in line with historical redemption patterns. Removing this one-time gift card adjustment, revenues would have been in line with prior year. Revenues were also impacted by a \$6.1 million decrease in recurring revenue streams which were negatively impacted by the organic system sales decrease of 3% which was offset by a favourable foreign exchange impact.

Revenue from corporate-owned locations decreased by \$7.0 million or 2% due to the decrease in organic system sales. This was partially offset by a favourable impact on foreign exchange.

Promotional funds decreased by 3% as a result of lower system sales as well as a reclass in promotional funds used by the corporate subdivision. This was partially offset by the impact of the various contribution rates.

Operating expenses

During 2025 fiscal year, operating expenses increased to \$901.8 million, from \$896.6 million a year ago. Operating expenses for the two business segments were incurred as follows:

Segment	Subdivision	November 30, 2025	November 30, 2024	Variation
		(\$ millions)	(\$ millions)	
Canada	Franchise operation	82.2	79.0	4%
	Corporate stores	42.4	46.4	(9%)
	Food processing, distribution and retail	146.9	131.7	12%
	Promotional funds	45.7	43.6	5%
	Intercompany transactions	(6.1)	(2.1)	N/A
Total Canada		311.1	298.6	4%
US & International	Franchise operation	115.4	112.5	3%
	Corporate stores	402.1	409.6	(2%)
	Food processing, distribution and retail	0.6	0.8	(25%)
	Promotional funds	76.0	78.1	(3%)
	Intercompany transactions	(3.4)	(3.0)	N/A
Total US & International		590.7	598.0	(1%)
Total operating expenses		901.8	896.6	1%

Canada operating expenses analysis:

Operating expenses from franchise locations in Canada increased to \$82.2 million from \$79.0 million a year earlier. The Canadian subdivision was impacted by several factors listed below:

	<i>(In millions \$)</i>
Operating expenses, 2024 fiscal year	79.0
Increase in non-controllable expenses ⁽¹⁾	0.1
Increase in cost of sale of material and services to franchisees and rent	0.5
Increase in recurring controllable expenses ⁽¹⁾ including wages, professional and consulting services and other office expenses	4.4
Increase in SAP project implementation costs	0.8
Decrease in expected credit loss provision	(0.8)
Decrease due to impact of IFRS 16 on rent expense	(1.8)
<u>Operating expenses, 2025 fiscal year</u>	<u>82.2</u>

⁽¹⁾ See section "Definition of supplementary financial measures" found in the Supplemental Information section for definition.

Franchising operating expenses increased by 4% year-over-year primarily due to an increase in controllable expenses of \$4.4 million. The increase in controllable expenses is primarily due to higher wages, attributable to normal inflation on wages as well as higher headcounts primarily in the franchisee development and data-science departments. The overall increase was also impacted by \$0.8 million in SAP implementation which is attributable to the long term strategy to improve operational efficiency, have greater scalability and flexibility and increase data-driven decision making. These increases were partially offset by a \$0.8 million decrease in expected credit loss provision.

Expenses from corporate stores decreased by \$4.0 million or 9% compared to the same period last year as a result of lower revenues as well as lower wages and supply chain costs, reflecting a reduced number of corporate store locations.

The variations of food processing, distribution and retail expenses as well as promotional funds expense were tightly correlated to the related revenues.

US & International operating expenses analysis:

Operating expenses from franchise locations in the US & International increased to \$115.4 million from \$112.5 million a year earlier. Several factors contributed to the variation, as listed below:

	<i>(In millions \$)</i>
Operating expenses, 2024 fiscal year	112.5
Decrease in non-controllable expenses ⁽¹⁾	(0.1)
Decrease in cost of sale of material and services to franchisees and rent	(0.2)
Decrease in recurring controllable expenses ⁽¹⁾ including wages, professional and consulting services and other office expenses	(1.2)
Increase in expected credit loss provision	1.0
Increase due to transaction costs related to acquisitions	1.4
Decrease due to impact of IFRS 16 on rent expense	(0.8)
Impact of variation in foreign exchange rates	2.5
Other non-material variations	0.3
<u>Operating expenses, 2025 fiscal year</u>	<u>115.4</u>

⁽¹⁾ See section "Definition of supplementary financial measures" found in the Supplemental Information section for definition.

Operating expenses for franchise locations increased to \$115.4 million from \$112.5 million during the 2025 fiscal year, mainly due to a \$1.4 million in acquisition related transaction costs, and \$1.0 higher expected credit loss provisions. The overall increase was also impacted by an unfavourable foreign exchange impact of \$2.5 million.

Corporate store expenses decreased to \$402.1 million from \$409.6 million compared to the same period last year, due to the recognition of a \$7.4 million Employee Retention Credit (ERC) related to 2020 – 2022 fiscal year received from the U.S. government during the year as well as lower wages and supply chain costs.

The variations of promotional funds expense were tightly correlated to the related revenues.

Segment profit, Adjusted EBITDA ⁽¹⁾ and Normalized adjusted EBITDA ⁽¹⁾

Fiscal year ended November 30, 2025			
<i>(In millions \$)</i>	Canada	US & International	Total
Revenue	389.7	800.4	1,190.1
Operating expenses	311.1	590.7	901.8
Segment profit	78.6	209.7	288.3
Segment profit as a % of Revenue ⁽²⁾	20%	26%	24%
SAP project implementation costs ⁽³⁾	2.2	—	2.2
Transaction costs related to acquisitions ⁽⁴⁾	—	1.4	1.4
Normalized adjusted EBITDA ⁽¹⁾	80.8	211.1	291.9
Normalized adjusted EBITDA as a % of Revenue ⁽²⁾	21%	26%	25%
Fiscal year ended November 30, 2024			
<i>(In millions \$)</i>	Canada	US & International	Total
Revenue	378.4	781.2	1,159.6
Operating expenses	298.6	598.0	896.6
Segment profit	79.8	183.2	263.0
Segment profit as a % of Revenue ⁽²⁾	21%	23%	23%
SAP project implementation costs ⁽³⁾	1.5	—	1.5
Normalized adjusted EBITDA ⁽¹⁾	81.3	183.2	264.5
Normalized adjusted EBITDA as a % of Revenue ⁽²⁾	21%	23%	23%

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

Fiscal year ended November 30, 2025						
<i>(In millions \$)</i>	Franchise	Corporate	Processing, distribution and retail	Promotional funds	Intercompany transactions	Total
Revenue	421.9	490.2	165.8	121.7	(9.5)	1,190.1
Operating expenses	197.6	444.5	147.5	121.7	(9.5)	901.8
Segment profit ⁽¹⁾	224.3	45.7	18.3	—	—	288.3
Segment profit as a % of Revenue ⁽²⁾	53%	9%	11%	N/A	N/A	24%
SAP project implementation costs ⁽³⁾	2.2	—	—	—	—	2.2
Transaction costs related to acquisitions ⁽⁴⁾	1.4	—	—	—	—	1.4
Normalized adjusted EBITDA ⁽¹⁾	227.9	45.7	18.3	—	—	291.9
Normalized adjusted EBITDA as a % of Revenue ⁽²⁾	54%	9%	11%	N/A	N/A	25%

Fiscal year ended November 30, 2024

<i>(In millions \$)</i>	Franchise	Corporate	Processing, distribution and retail	Promotional funds	Intercompany transactions	Total
Revenue	392.9	500.8	149.3	121.7	(5.1)	1,159.6
Operating expenses	191.5	456.0	132.5	121.7	(5.1)	896.6
Segment profit	201.4	44.8	16.8	—	—	263.0
Segment profit as a % of Revenue ⁽²⁾	51%	9%	11%	N/A	N/A	23%
SAP project implementation costs ⁽³⁾	1.5	—	—	—	—	1.5
Normalized adjusted EBITDA ⁽¹⁾	202.9	44.8	16.8	—	—	264.5
Normalized adjusted EBITDA as a % of Revenue ⁽²⁾	52%	9%	11%	N/A	N/A	23%

⁽¹⁾ See section "Definition of non-GAAP measures" found in the Supplemental Information section for definition.

⁽²⁾ See section "Definition of non-GAAP ratios" found in the Supplemental Information section for definition.

⁽³⁾ SAP project implementation costs are included in the Consulting and professional fees, wages and benefits and advertising, travel, meals and entertainment as part of the Operating expenses in the consolidated financial statements.

⁽⁴⁾ Transaction costs related to acquisitions are included in the Consulting and professional fees as part of the Operating expenses in the consolidated financial statements.

Several factors contributed to the variation, as listed below:

<i>(In millions \$)</i>	Canada	US & International	Total
Segment profit, 2024 fiscal year	79.8	183.2	263.0
Variance in recurring revenues and expenses ⁽¹⁾	(3.9)	(4.8)	(8.7)
Variance in corporate store recurring revenues and expenses	0.6	0.1	0.7
Variance in retail, distribution and manufacturing recurring revenues and expenses	1.1	0.1	1.2
Variance in sales of material and services to franchisees and rent for franchising unit	(0.4)	0.3	(0.1)
Variance in initial franchise fees, renewal fees and transfer fees	(0.4)	0.3	(0.1)
Variance in expected credit loss provision	0.6	(1.0)	(0.4)
Variance due to SAP project implementation costs	(0.7)	—	(0.7)
Variance due to transaction costs related to acquisitions	—	(1.4)	(1.4)
Variance due to impact of IFRS 16 on rent revenue & expense	1.8	0.8	2.6
Variance in gift card breakage	—	29.5	29.5
Impact of variation in foreign exchange rates	—	2.6	2.6
Other non-material variations	0.1	—	0.1
Segment profit, 2025 fiscal year	78.6	209.7	288.3
Normalized adjusted EBITDA ⁽²⁾ , 2024 fiscal year	81.3	183.2	264.5
Variances in segment profit	(1.2)	26.5	25.3
Variance due to SAP project implementation costs	0.7	—	0.7
Variances in transaction costs related to acquisitions	—	1.4	1.4
Normalized adjusted EBITDA ⁽²⁾ , 2025 fiscal year	80.8	211.1	291.9

⁽¹⁾ See section "Definition of supplementary financial measures" found in the Supplemental Information section for definition.

⁽²⁾ See section "Definition of non-GAAP measures" found in the Supplemental Information section for definition.

Total segment profit for the year ended November 30, 2025 was \$288.3 million, an increase of 10% compared to the prior year, while normalized adjusted EBITDA increased from \$264.5 million to \$291.9 million compared to the prior year. US & International contributed 72% of total normalized adjusted EBITDA and an increase of \$27.9 million compared to the prior year, while the Canada normalized adjusted EBITDA decreased slightly by less than 1% to \$80.8 million. The overall increase was primarily impacted by gift card breakage income of \$29.5 million in the US segment

and the recognition of a \$7.4 million ERC related to 2020 – 2021 fiscal year received from the U.S. government during the year. Excluding the gift card breakage income and ERC, normalized adjusted EBITDA would have reflected a more pronounced year-over-year decline, mainly attributable to margin pressure at U.S. corporate stores.

Calculation of Adjusted EBITDA ⁽¹⁾ and Normalized adjusted EBITDA ⁽¹⁾

<i>(In thousands \$)</i>	Period ended November 30, 2025	Period ended November 30, 2024
Income before taxes	138,242	15,805
Depreciation – property, plant and equipment and right-of-use assets	59,090	59,949
Amortization – intangible assets	32,684	31,870
Interest on long-term debt	35,007	46,515
Net interest expense on leases	10,887	11,205
(Reversal of) impairment charge – right-of-use assets	(535)	1,259
Impairment charge – property, plant and equipment, intangible assets and goodwill	14,867	72,947
Unrealized and realized foreign exchange (gain) loss	(1,792)	21,763
Interest income	(343)	(627)
Gain on de-recognition/lease modification of lease liabilities	(653)	(407)
Loss (gain) on disposal of property, plant and equipment	192	(194)
Revaluation of financial liabilities and derivatives recorded at fair value	635	596
Gain on extinguishment of debt	—	(131)
Restructuring	—	2,487
Segment profit	288,281	263,037
SAP project implementation costs ⁽²⁾	2,221	1,495
Transaction costs related to acquisitions ⁽³⁾	1,411	—
Normalized adjusted EBITDA ⁽¹⁾	291,913	264,532

⁽¹⁾ See section “Definition of non-GAAP measures” found in the Supplemental Information section for definition.

⁽²⁾ SAP project implementation costs are included in the Consulting and professional fees, wages and benefits and advertising, travel, meals and entertainment as part of the Operating expenses in the consolidated financial statements.

⁽³⁾ Transaction costs related to acquisitions are included in Consulting and professional fees and Other as part of Operating expenses in the consolidated financial statements.

Other income and expenses

Depreciation of property, plant and equipment and right-of-use assets decreased by \$0.8 million during the fiscal year ended November 30, 2025. Depreciation expenses are segregated by business segment and subdivision as follows:

Segment	Subdivision	November 30, 2025	November 30, 2024	Variation
		(\$ millions)	(\$ millions)	
Canada	Franchise operation	1.5	1.9	(21%)
	Corporate stores	8.1	6.8	19%
	Food processing, distribution and retail	1.1	1.2	(8%)
Total Canada		10.7	9.9	8%
US & International	Franchise operation	3.4	4.4	(23%)
	Corporate stores	45.0	45.6	(1%)
Total US & International		48.4	50.0	(3%)
Total depreciation expense		59.1	59.9	(1%)

Amortization of intangible assets increased by \$0.8 million, or 3% during 2025, primarily due to the commencement of SAP ERP amortization.

Interest on long-term debt decreased by \$11.5 million as a result net repayments of \$69.9 million of long-term debt since November 2024 as well as a lower Canadian Overnight Repo Rate Average, resulting in lower interest. The Company also continues to enter into fixed rate interest swaps which have resulted in savings of \$0.1 million and US\$0.5 million (2024 – US\$0.7 million).

During the twelve-month period ended November 30, 2025, the Company recognized impairment charges of \$5.3 million (2024 – \$10.1 million) on its property, plant and equipment, primarily related to certain corporate owned locations in the US & International geographical segments and \$9.6 million on its intangible assets (2024 – \$22.3 million). The Company recognized an impairment on Goodwill of nil (2024 - \$40.5 million related to the Papa Murphy's brand due to lower than expected past performance and lower expected future growth). The impairment charge on property, plant and equipment was the result of the lower performance of some corporate stores and the impairment charge on intangible assets was related to the franchise rights and trademarks for seven brands in the Canadian segment and one brand in the US & International geographical segment (2024 – twelve brands; seven and five brands in the Canada and US & International segments, respectively).

During the year ended November 30, 2025, the Company recorded a gain of \$1.8 million as a result of a stronger Canadian dollar relative to the US dollar, compared to a loss of \$21.8 million in the 2024 fiscal year. Most of this gain relates to intercompany loans and is offset by loss on translation on the consolidated statement of comprehensive income.

Net income (loss)

For the year ended November 30, 2025, net income attributable to owners of \$119.0 million was recorded, or \$5.18 per share (\$5.18 per diluted share) compared to a net income attributable to owners of \$24.2 million or \$1.01 per share (\$1.01 per diluted share) last year.

Adjusted earnings per share ⁽¹⁾ for the year ended November 30, 2025 was \$5.11 per share compared to \$1.80 per share during the same period last year. The calculation of adjusted earnings per share ⁽¹⁾ is as follows:

Calculation of adjusted earnings per share ⁽¹⁾

	Period ended	
	November 30	
<i>(In thousands \$, except number of shares information)</i>	2025	2024
Net income attributable to owners	118,992	24,170
Unrealized and realized foreign exchange (gain) loss	(1,792)	21,763
Tax impact on unrealized and realized foreign exchange gain (loss)	237	(2,884)
Adjusted net income attributable to owners	117,437	43,049
Weighted daily average number of common shares – diluted	22,987,616	23,977,313
Adjusted earnings per share ⁽¹⁾	5.11	1.80

⁽¹⁾ See section "Definition of non-GAAP measures" found in the Supplemental Information section for definition.

RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED NOVEMBER 30, 2025

Revenue

During the fourth quarter of 2025, the Company's total revenue increased to \$305.4 million, from \$284.5 million a year earlier. Revenues for the two segments of business are broken down as follows:

Segment	Subdivision	November 30, 2025 (\$ millions)	November 30, 2024 (\$ millions)	Variation
Canada	Franchise operation	39.7	39.4	1%
	Corporate stores	9.9	13.9	(29%)
	Food processing, distribution and retail	41.0	34.2	20%
	Promotional funds	12.0	11.4	5%
	Intercompany transactions	(7.3)	(3.3)	N/A
Total Canada		95.3	95.6	—%
US & International	Franchise operation	85.8	57.3	50%
	Corporate stores	104.4	111.4	(6%)
	Food processing, distribution and retail	0.6	0.6	—%
	Promotional funds	19.4	19.7	(2%)
	Intercompany transactions	(0.1)	(0.1)	N/A
Total US & International		210.1	188.9	11%
Total revenue		305.4	284.5	7%

Canada revenue analysis:

Revenue from franchise locations in Canada increased by 1%. Several factors contributed to the variation, as listed below:

	<i>(In millions \$)</i>
Revenue, fourth quarter of 2024	39.4
Increase in recurring revenue streams ⁽¹⁾	0.3
Decrease in initial franchise fees, renewal fees and transfer fees	(0.4)
Increase in sales of material to franchisees and rent revenues	0.2
Other non-material variations	0.2
Revenue, fourth quarter of 2025	39.7

⁽¹⁾ See section "Definition of supplementary financial measures" found in the Supplemental Information section for definition.

During the fourth quarter of 2025, franchising revenues increased by \$0.3 million mainly due to an increase in recurring revenue streams as well as an increase in sales of material to franchisees. The increase in recurring revenue streams were tightly correlated to the increase in systems sales compared to prior year.

Revenue from corporate-owned locations decreased by 29% to \$9.9 million, primarily impacted by a reduction in the number of corporate stores. This was partially offset by the increase in system sales.

Food processing, distribution and retail revenues increased by 20% or \$6.8 million due to an increase in retail sales of 22% as well as an increase in food processing and distribution of 16%. The increase in retail sales was due primarily to a shift in the Company's retail model from a licensing agreement to vendor on record for some of the products. In the fourth quarter of 2025, the Company sold 161 products in the Canadian retail market (2024 – 163 products), demonstrating the strength of the Company's core products.

The promotional fund revenue increase of 5% is attributable to the increase in system sales as well as the impact of the various contribution rates and several other contributing elements, including fees charged to a brand which had historically never paid promotional fees.

US & International revenue analysis:

Revenue from franchise locations in the US and International increased to \$85.8 million from a year earlier. Several factors contributed to the variation, as listed below:

	<i>(In millions \$)</i>
Revenue, fourth quarter of 2024	57.3
Decrease in recurring revenue streams ⁽¹⁾	(1.9)
Increase in initial franchise fees, renewal fees and transfer fees	0.3
Increase in sales of material and services to franchisees	0.3
Increase in gift card breakage income	29.5
Impact of variation in foreign exchange rates	0.4
Other non-material variations	(0.1)
Revenue, fourth quarter of 2025	85.8

⁽¹⁾ See section "Definition of supplementary financial measures" found in the Supplemental Information section for definition.

During the fourth quarter of 2025, franchising revenues increased by \$28.5 million, largely attributable to an increase in gift card breakage income of \$29.5 million. The increase in gift card breakage reflects the recognition of \$29.5 million unredeemed gift card balances in line with historical redemption patterns. Removing this one-time gift card adjustment, revenues would have decreased by \$1.0 million due to a decrease in recurring revenue streams, caused primarily by the organic system sales decline of 3%.

Revenue from corporate-owned locations decreased by 6%, which is tightly correlated to a decrease in system sales.

Promotional funds decreased by 2% as a result of the decrease in organic system sales as well as a reclass in promotional funds used by the corporate division.

Operating expenses

During the fourth quarter of 2025, operating expenses decreased by 3% to \$218.1 million, from \$225.7 million a year ago. Operating expenses for the two business segments were incurred as follows:

Segment	Subdivision	November 30, 2025	November 30, 2024	Variation
		(\$ millions)	(\$ millions)	
Canada	Franchise operation	21.0	20.7	1%
	Corporate stores	10.7	14.3	(25%)
	Food processing, distribution and retail	36.8	30.9	19%
	Promotional funds	12.0	11.4	5%
	Intercompany transactions	(4.1)	(0.5)	N/A
Total Canada		76.4	76.8	(1%)
US & International	Franchise operation	29.8	27.3	9%
	Corporate stores	95.7	104.6	(9%)
	Food processing, distribution and retail	0.1	0.2	(50%)
	Promotional funds	19.4	19.7	(2%)
	Intercompany transactions	(3.3)	(2.9)	N/A
Total US & International		141.7	148.9	(5%)
Total operating expenses		218.1	225.7	(3%)

Canada operating expenses analysis:

Operating expenses from franchise locations in Canada increased by \$0.3 million, due to several factors listed below:

	<i>(In millions \$)</i>
Operating expenses, fourth quarter of 2024	20.7
Decrease in cost of sale of material and services to franchisees and rent	(0.6)
Increase in recurring controllable expenses ⁽¹⁾ including wages, professional and consulting services and other office expenses	2.1
Decrease in SAP project implementation costs	(0.2)
Increase in expected credit loss provision	0.9
Decrease due to impact of IFRS 16 on impairment of lease receivables	(2.0)
Other non-material variations	0.1
<u>Operating expenses, fourth quarter of 2025</u>	<u>21.0</u>

⁽¹⁾ See section "Definition of supplementary financial measures" found in the Supplemental Information section for definition.

During the quarter, operating expenses were 1% higher compared to prior year mostly due to higher controllable expenses which increased by \$2.1 million primarily due to higher licensing and IT related costs as we invest in the Company's IT infrastructure combined with higher wages and consulting fees. Wages increased due to inflation as well as higher headcounts primarily in the franchisee development and data-science departments. This is attributable to normal inflation on wages. Expenses also increased by \$0.9 million due to higher expected credit loss provisions. This was partially offset by a decrease of \$2.0 million in lease receivable impairments.

Expenses from corporate stores decreased by \$3.6 million compared to the same period last year as a result of lower wages and supply chain costs, reflecting a reduced number of corporate store locations.

The increase in food processing, distribution and retail expenses and promotional funds expense were tightly correlated to the related revenues.

US & International operating expenses analysis:

Operating expenses from franchise locations in the US & International increased by 9%. Several factors contributed to the variation, as listed below:

	<i>(In millions \$)</i>
Operating expenses, fourth quarter of 2024	27.3
Increase in non-controllable expenses ⁽¹⁾	0.2
Increase in cost of sale of material and services to franchisees and rent	0.7
Increase in recurring controllable expenses ⁽¹⁾ including wages, professional and consulting services and other office expenses	1.3
Increase in expected credit loss provision	0.5
Decrease due to impact of IFRS 16 on rent expense	(0.4)
Impact of variation in foreign exchange rates	0.2
<u>Operating expenses, fourth quarter of 2025</u>	<u>29.8</u>

⁽¹⁾ See section "Definition of supplementary financial measures" found in the Supplemental Information section for definition.

Operating expenses for franchise locations increased to \$29.8 million from \$27.3 million during the fourth quarter of 2025, mainly due to higher controllable expenses of \$1.3 million, primarily driven by higher wages resulting from normal inflation, as well as \$0.7 million increase in cost of sales related to gift card programs, attributable to higher sales volumes during the quarter.

Corporate store expenses decreased to \$95.7 million from \$104.6 million compared to the same period last year, due to the decrease in corporate store system sales and directly related expenses as well as better cost management.

The variations of promotional funds expense were tightly correlated to the related revenues.

Segment profit, Adjusted EBITDA ⁽¹⁾ and Normalized adjusted EBITDA ⁽¹⁾

Three-month period ended November 30, 2025			
<i>(In millions \$)</i>	Canada	US & International	Total
Revenue	95.3	210.1	305.4
Operating expenses	76.4	141.7	218.1
Segment profit	18.9	68.4	87.3
Segment profit as a % of Revenue ⁽²⁾	20%	33%	29%
SAP project implementation costs ⁽³⁾	0.4	—	0.4
Normalized adjusted EBITDA ⁽¹⁾	19.3	68.4	87.7
Normalized adjusted EBITDA as a % of Revenue ⁽²⁾	20%	33%	29%

Three-month period ended November 30, 2024			
<i>(In millions \$)</i>	Canada	US & International	Total
Revenue	95.6	188.9	284.5
Operating expenses	76.8	148.9	225.7
Segment profit	18.8	40.0	58.8
Segment profit as a % of Revenue ⁽²⁾	20%	21%	21%
SAP project implementation costs ⁽³⁾	0.6	—	0.6
Normalized adjusted EBITDA ⁽¹⁾	19.4	40.0	59.4
Normalized adjusted EBITDA as a % of Revenue ⁽²⁾	20%	21%	21%

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

Three-month period ended November 30, 2025							
<i>(In millions \$)</i>	Franchise	Corporate	Processing, distribution and retail	Promotional funds	Intercompany transactions	Total	
Revenue	125.5	114.3	41.6	31.4	(7.4)	305.4	
Operating expenses	50.8	106.4	36.9	31.4	(7.4)	218.1	
Segment profit	74.7	7.9	4.7	—	—	87.3	
Segment profit as a % of Revenue ⁽²⁾	60%	7%	11%	N/A	N/A	29%	
SAP project implementation costs ⁽³⁾	0.4	—	—	—	—	0.4	
Normalized adjusted EBITDA ⁽¹⁾	75.1	7.9	4.7	—	—	87.7	
Normalized adjusted EBITDA as a % of Revenue ⁽²⁾	60%	7%	11%	N/A	N/A	29%	

Three-month period ended November 30, 2024

<i>(In millions \$)</i>	Franchise	Corporate	Processing, distribution and retail	Promotional funds	Intercompany transactions	Total
Revenue	96.7	125.3	34.8	31.1	(3.4)	284.5
Operating expenses	48.0	118.9	31.1	31.1	(3.4)	225.7
Segment profit	48.7	6.4	3.7	—	—	58.8
Segment profit as a % of Revenue ⁽²⁾	50%	5%	11%	N/A	N/A	21%
SAP project implementation costs ⁽³⁾	0.6	—	—	—	—	0.6
Normalized adjusted EBITDA ⁽¹⁾	49.3	6.4	3.7	—	—	59.4
Normalized adjusted EBITDA as a % of Revenue ⁽²⁾	51%	5%	11%	N/A	N/A	21%

⁽¹⁾ See section "Definition of non-GAAP measures" found in the Supplemental Information section for definition.

⁽²⁾ See section "Definition of non-GAAP ratios" found in the Supplemental Information section for definition.

⁽³⁾ SAP project implementation costs are included in the Consulting and professional fees, wages and benefits and advertising, travel, meals and entertainment as part of the Operating expenses in the consolidated financial statements.

Several factors contributed to the variation, as listed below:

<i>(In millions \$)</i>	Canada	US & International	Total
Segment profit, fourth quarter of 2024	18.8	40.0	58.8
Variance in recurring revenues and expenses ⁽¹⁾	(1.8)	(3.1)	(4.9)
Variance in corporate store recurring revenues and expenses	(0.3)	2.2	1.9
Variance in retail, distribution and manufacturing recurring revenues and expenses	0.8	0.1	0.9
Variance in sales of material and services to franchisees and rent for franchising unit	0.7	(0.4)	0.3
Variance in initial franchise fees, renewal fees and transfer fees	(0.4)	0.3	(0.1)
Variance in expected credit loss provision	(1.0)	(0.5)	(1.5)
Variance due to SAP Implementation	0.2	—	0.2
Variance due to impact of IFRS 16 on rent revenue & expense	2.0	0.4	2.4
Variance in gift card breakage	—	29.5	29.5
Impact of variation in foreign exchange rates	—	0.1	0.1
Other non-material variations	(0.1)	(0.2)	(0.3)
Segment profit, fourth quarter of 2025	18.9	68.4	87.3
Normalized adjusted EBITDA ⁽²⁾ , fourth quarter of 2024	19.4	40.0	59.4
Variances in segment profit	0.1	28.4	28.5
Variance due to SAP project implementation costs	(0.2)	—	(0.2)
Normalized adjusted EBITDA ⁽²⁾ , fourth quarter of 2025	19.3	68.4	87.7

⁽¹⁾ See section "Definition of supplementary financial measures" found in the Supplemental Information section for definition.

⁽²⁾ See section "Definition of non-GAAP measures" found in the Supplemental Information section for definition.

Total segment profit for the three-month period ended November 30, 2025 was \$87.3 million, an increase of \$28.5 million compared to the same period last year, with the US and International segment generating 78% of the profits. The overall increase was primarily impacted by gift card breakage income of \$29.5 million in the US segment.

Normalized adjusted EBITDA was \$87.7 million, an increase of \$28.3 million. US & International contributed 78% of total normalized adjusted EBITDA and an increase of 71% or \$28.4 million compared to the same period last year, while the Canada normalized adjusted EBITDA remained steady.

Calculation of Adjusted EBITDA ⁽¹⁾ and Normalized adjusted EBITDA ⁽¹⁾

	Quarter ended November 30, 2025	Quarter ended November 30, 2024
	<i>(In thousands \$)</i>	
Income before taxes	33,654	(71,205)
Depreciation – property, plant and equipment and right-of-use assets	14,650	15,276
Amortization – intangible assets	8,069	8,253
Interest on long-term debt	8,198	10,427
Net interest expense on leases	2,665	2,821
Impairment reversal – right-of-use assets	—	1,145
Impairment charge – property, plant and equipment, intangible assets and goodwill	8,191	64,565
Unrealized and realized foreign exchange loss	12,511	26,284
Interest income	(82)	(100)
Gain on de-recognition/lease modification of lease liabilities	(718)	(259)
Gain on disposal of property, plant and equipment	229	552
Revaluation of financial liabilities and derivatives recorded at fair value	(25)	240
Restructuring	—	797
Segment profit	87,342	58,796
SAP project implementation costs ⁽²⁾	396	623
Normalized adjusted EBITDA ⁽¹⁾	87,738	59,419

⁽¹⁾ See section “Definition of non-GAAP measures” found in the Supplemental Information section for definition.

⁽²⁾ SAP project implementation costs are included in the Consulting and professional fees, wages and benefits and advertising, travel, meals and entertainment as part of the Operating expenses in the consolidated financial statements.

Other income and expenses

Depreciation of property, plant and equipment and right-of-use assets decreased by 0.6 million during the three month period ended November 30, 2025. Depreciation expenses are segregated by business segment and subdivision as follows:

Segment	Subdivision	Quarter ended November 30, 2025	Quarter ended November 30, 2024	Variation
		(\$ millions)	(\$ millions)	
Canada	Franchise operation	0.2	0.5	(60%)
	Corporate stores	2.3	2.0	15%
	Food processing, distribution and retail	0.2	0.3	(33%)
Total Canada		2.7	2.8	(4%)
US & International	Franchise operation	0.6	1.1	(45%)
	Corporate stores	11.4	11.4	—%
Total US & International		12.0	12.5	(4%)
Total depreciation expense		14.7	15.3	(4%)

Interest on long-term debt decreased by \$2.2 million as a result net repayments of \$69.9 million of long-term debt since November 2024 as well as a lower Canadian Overnight Repo Rate Average, resulting in lower interest. The Company also continues to enter into fixed rate interest swaps which have resulted in savings of nil (2024 – US\$0.7 million).

During the fourth quarter of 2025, the Company recognized an impairment charge of \$5.1 million (2024 – \$5.3 million) on its property, plant and equipment, primarily related to certain corporate owned locations in the US & International geographical segments and \$3.0 million on its intangible assets (2024 – \$18.8 million). The Company recognized an impairment on Goodwill of nil (2024 - \$40.5 million related to the Papa Murphy's brand due to lower than expected past performance and lower expected future growth). The impairment charge on property, plant and equipment and intangible assets were due to lower than expected 2025 performance of some corporate stores and brands respectively.

During the fourth quarter of 2025, the Company recorded a loss of \$12.5 million (2024 – \$26.3 million) as a result of a weaker Canadian dollar relative to the US dollar. Most of this loss relates to intercompany loans and is offset by gain on translation on the consolidated statement of comprehensive income.

Net income (loss)

For the three months ended November 30, 2025, a net income attributable to owners of \$32.1 million was recorded, or \$1.40 per share (\$1.40 per diluted share) compared to net loss of \$55.3 million or \$2.34 per share \$2.34 per diluted share) last year. Net income attributable to owners was mostly impacted by the impairment losses mentioned in section “Other income and expenses”.

Adjusted earnings per share ⁽¹⁾ improved to \$1.88 for the three months ended November 30, 2025 compared to an adjusted loss per share of \$1.38 in the prior year period. The calculation of adjusted earnings per share ⁽¹⁾ is as follows:

	Quarter	
	ended November 30	
	2025	2024
<i>(In thousands \$, except number of shares information)</i>		
Net income (loss) attributable to owners	32,084	(55,299)
Unrealized and realized foreign exchange loss	12,511	26,284
Tax impact on unrealized and realized foreign exchange loss	(1,658)	(3,483)
Adjusted net income attributable to owners	42,937	(32,498)
Weighted daily average number of common shares – diluted	22,846,361	23,582,479
Adjusted earnings per share ⁽¹⁾	1.88	(1.38)

⁽¹⁾ See section “Definition of non-GAAP measures” found in the Supplemental Information section for definition.

CONTRACTUAL OBLIGATIONS

The obligations pertaining to the long-term debt and the minimum payments for the leases are as follows:

	0 – 6	6 – 12	12 – 24	24 – 36	36 – 48	48 – 60	Thereafter
	Months	Months	Months	Months	Months	Months	
<i>(In millions \$)</i>							
	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	123.6	—	—	—	—	—	—
Long-term debt ⁽¹⁾	—	—	—	633.8	—	—	—
Interest on long-term debt ^(2 & 3)	19.3	19.3	16.2	—	—	—	—
Lease liabilities	64.2	64.2	110.3	90.3	70.1	51.1	121.7
Total contractual obligations	207.1	83.5	126.5	724.1	70.1	51.1	121.7

⁽¹⁾ Amounts shown represent the total amount payable at maturity and are therefore undiscounted. Long-term debt includes non-interest-bearing contract cancellation fees and holdbacks on acquisitions, non-controlling interest option and revolving credit facility payable to a syndicate of lenders.

⁽²⁾ When future interest cash flows are variable, they are calculated using the interest rates prevailing at the end of the reporting period.

⁽³⁾ Net of swap arrangement interest revenue.

LIQUIDITY AND CAPITAL RESOURCES

As at November 30, 2025, the Company held \$52.0 million in cash, an increase of \$1.6 million since the end of the 2024 fiscal period.

During the year ended November 30, 2025, MTY paid \$30.3 million (2024 – \$26.8 million) in dividends to its shareholders and repurchased and cancelled 584,400 of its shares (2024 – 906,900) for \$27.7 million (2024 – \$41.8 million) through its NCIB.

During the year ended November 30, 2025, cash flows generated by operating activities were \$184.2 million, compared to \$204.8 million in the same period last year. The decrease is mainly attributable to fluctuations in income taxes paid offset by lower interest paid. The negative working capital fluctuation is the result of the gift card breakage income reported on the consolidated statement of income. Excluding the variations in non-cash working capital items, income taxes, interest paid and other, operations generated \$280.8 million during the year ended November 30, 2025, compared to \$257 million last year.

The Company's revolving credit facility payable to a syndicate of lenders has an authorized amount of \$900.0 million (November 30, 2024 – \$900.0 million), an accordion feature of \$300.0 million (November 30, 2024 – \$300.0 million) that is subject to lenders approval, and matures on November 25, 2028. As at November 30, 2025, CAD\$250.0 million and US\$275.0 million was drawn from the revolving credit facility (November 30, 2024 – CAD\$270.0 million and US\$308.0 million). MTY has at its disposal \$266.2 million (2024 – \$195.4 million) available to meet its working capital requirements should the need arise.

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

- a debt to EBITDA ratio ⁽¹⁾ that must be less than or equal to 3.50:1.00;
- a debt to EBITDA ratio ⁽¹⁾ that must be less than or equal to 4.00:1.00 in the twelve months following acquisitions with a consideration exceeding \$150.0 million; and
- an interest and rent coverage ratio that must be at least 2.00:1.00 at all times.

The revolving credit facility is repayable without penalty with the balance due on the date of maturity November 25, 2028.

As at November 30, 2025, the Company was in compliance with the covenants of the credit agreement.

⁽¹⁾ See section "Definition of non-GAAP ratios" found in the Supplemental Information section for definition.

LOCATION INFORMATION

MTY's locations can be found in: i) food courts and shopping malls; ii) street front; and iii) non-traditional format within petroleum retailers, convenience stores, grocery stores, cinemas, amusement parks, in other venues or retailers shared sites, hospitals, universities and airports. The non-traditional locations are typically smaller in size, require lower investment and generate lower revenue than the shopping malls, food courts and street front locations.

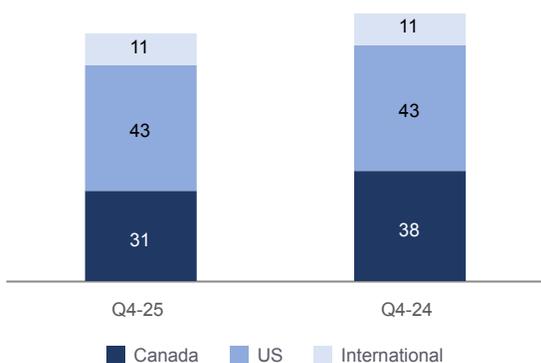
Number of locations

	Three months ended November 30,		Twelve months ended November 30,	
	2025	2024	2025	2024
Franchises, beginning of the period	6,804	6,830	6,827	6,897
Corporate-owned, beginning of the period				
Canada	47	52	52	43
US	210	184	200	176
Total, beginning of the period	7,061	7,066	7,079	7,116
Opened during the period	85	92	327	319
Closed during the period	(66)	(79)	(326)	(356)
Total, end of the period	7,080	7,079	7,080	7,079
Franchises, end of the period			6,831	6,827
Corporate-owned, end of the period				
Canada			43	52
US			206	200
Total, end of the period			7,080	7,079

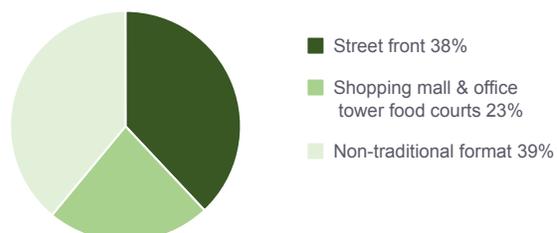
Openings

During the three and twelve months ended November 30, 2025, the Company's network opened 85 and 327 locations, respectively (2024 – 92 and 319 locations, respectively). The breakdown by geographical location and by location type is as follows:

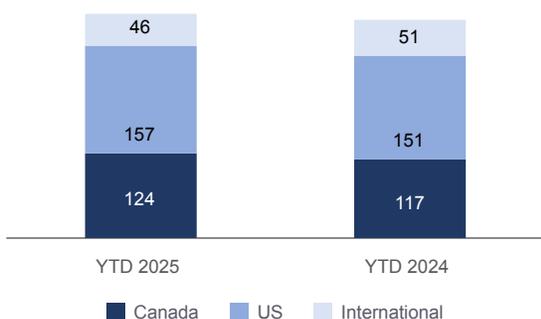
**Openings
Q4-25 vs Q4-24**



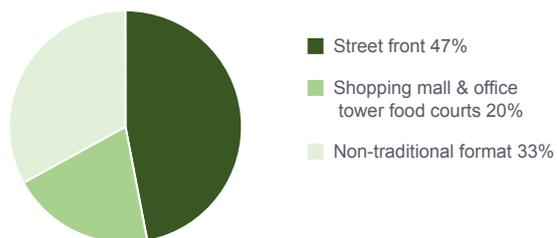
Openings by Location Type Q4-25



**Openings
YTD 2025 vs YTD 2024**



Openings by Location Type YTD 2025



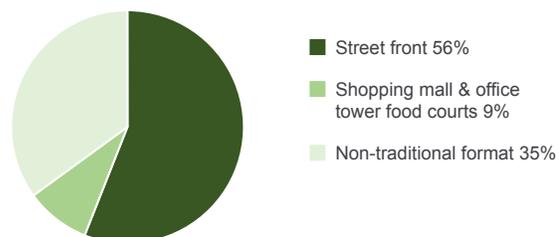
Closures

During the three and twelve months ended months ended November 30, 2025, the Company's network closed 66 and 326 locations, respectively (2024 – 79 and 356 locations respectively). The breakdown by geographical location and by location type is as follows:

**Closures
Q4-25 vs Q4-24**



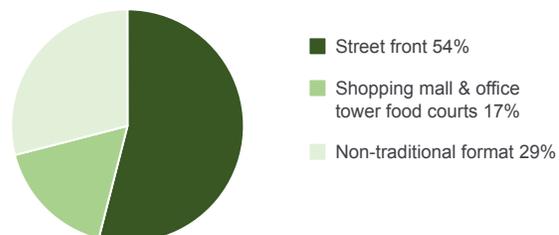
Closures by Location Type Q4-25



**Closures
YTD 2025 vs YTD 2024**



Closures by Location Type YTD 2025



The average monthly sales in the last twelve months of a newly opened location compared to a closed location by type is as follows:

Location type	(in thousands \$)	New opening	Closure
Street front		53.6	49.5
Shopping mall & office tower food courts		72.2	34.0
Non-traditional format		34.9	32.8

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

Location type	% of location count		% of system sales Twelve months ended	
	November 30, 2025	November 30, 2024	November 30, 2025	November 30, 2024
	Shopping mall & office tower food courts	16%	16%	15%
Street front	62%	62%	75%	76%
Non-traditional format	22%	22%	10%	9%

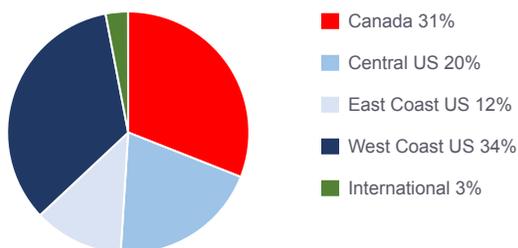
The geographical breakdown of MTY's locations and system sales is as follows:

Geographical location	% of location count		% of system sales Twelve months ended	
	November 30, 2025	November 30, 2024	November 30, 2025	November 30, 2024
	Canada	35%	35%	31%
US	57%	57%	66%	66%
International	8%	8%	3%	3%

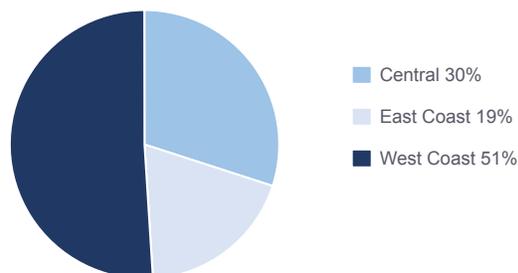
The territories that had the largest portions of total system sales were Quebec (Canada) with 17%, California (US) with 12%, Ontario (Canada) with 7%, Arizona (US), Washington (US), Florida (US) and Oregon (US) with 4% each.

The geographical distribution of system sales is as follows:

% of total system sales



% of total US system sales



The breakdown by the types of concepts for MTY's locations and system sales is as follows:

Concept type	% of location count		% of system sales Twelve months ended	
	November 30, 2025	November 30, 2024	November 30, 2025	November 30, 2024
	Quick service restaurant	79%	79%	63%
Fast casual	11%	11%	9%	9%
Casual dining	10%	10%	28%	28%

System sales

During the three and twelve months ended November 30, 2025, MTY's network generated \$1,414.8 million and \$5,698.4 million in sales, respectively. The breakdown of system sales is as follows:

(millions of \$)	Canada	US	International	TOTAL
First quarter of 2025	419.0	906.9	38.9	1,364.8
First quarter of 2024	415.9	878.5	37.3	1,331.7
Variance	1%	3%	4%	2%
Second quarter of 2025	447.7	976.0	39.8	1,463.5
Second quarter of 2024	436.3	983.6	39.5	1,459.4
Variance	3%	(1%)	1%	0%
Third quarter of 2025	458.1	956.4	40.8	1,455.3
Third quarter of 2024	456.8	973.8	42.1	1,472.7
Variance	0%	(2%)	(3%)	(1%)
Fourth quarter of 2025	457.9	918.1	38.8	1,414.8
Fourth quarter of 2024	441.6	893.8	36.5	1,371.9
Variance	4 %	3%	6%	3%
Year-to-date 2025	1,782.7	3,757.4	158.3	5,698.4
Year-to-date 2024	1,750.6	3,729.7	155.4	5,635.7
Variance	2%	1%	2%	1%

The overall movement in sales is distributed as follows:

(millions of \$)	Three-month sales ended November 30				Twelve-month sales ended November 30			
	Canada	US	International	TOTAL	Canada	US	International	TOTAL
Reported sales – 2024	441.6	893.8	36.5	1,371.9	1,750.6	3,729.7	155.4	5,635.7
Net increase in sales due to the impact of a 53 rd week of operations	13.7	39.4	0.4	53.5	13.7	39.4	0.4	53.5
Organic system sales variance	2.6	(28.4)	1.4	(24.4)	18.4	(115.5)	(1.7)	(98.8)
Cumulative impact of foreign exchange variation	—	13.3	0.5	13.8	—	103.8	4.2	108.0
Reported sales – 2025	457.9	918.1	38.8	1,414.8	1,782.7	3,757.4	158.3	5,698.4

For the three-month period ended November 30, 2025, system sales increased by \$42.9 million compared to the same period last year. System sales for the quarter were positively impacted by the sales of a 14th week in 2025 compared to

only 13 weeks in 2024 for some of the brands. Excluding this additional week of sales and the impact of foreign exchange fluctuation, organic system sales decreased by 2% for the quarter. Canada organic system sales saw an improvement of 1%, which was primarily driven by a better performance in the casual dining business unit compared to the same period last year while the US & International declined by 3%.

For the twelve-month period ended November 30, 2025, system sales were up by \$62.7 million compared to 2024. Canada contributed to \$32.1 million of that increase, with the casual dining concept representing 79% of the Canadian year-over-year total growth. Excluding the impacts of a 53rd week of sales and foreign exchange fluctuations, organic systems sales decreased by 2% for the year. This was primarily driven by organic system sales decline of 3% in the US & International segment, offset by a 1% improvement in Canada.

Cold Stone Creamery and Papa Murphy's continue to be the only concepts that currently represent more than 10% of system sales, generating approximately 17% each of the total sales of MTY's network. Wetzel's Pretzels, Famous Dave's and Village Inn are the third, fourth and fifth largest concepts in terms of systems sales, generating less than 10% each of the network's sales.

System wide sales include sales for corporate and franchise locations and excludes sales realized by the distribution centers, by the food processing plants and by the retail division. System sales are converted from the currency in which they are generated into Canadian dollars for presentation purposes; they are therefore subject to variations in foreign exchange rates.

Same-Store Sales ⁽¹⁾

During the quarter ended November 30, 2025, same-store sales decreased by 1.7% over the last year. By region, same-store sales were broken down as follows for the last eight quarters:

Region	Three months ended							
	February 2024	May 2024	August 2024	November 2024	February 2025	May 2025	August 2025	November 2025
Canada	(2.7)%	(3.6)%	(3.9)%	(0.1)%	(0.4)%	1.4 %	(0.3)%	0.0 %
US	(3.6)%	(1.0)%	(1.1)%	0.1 %	(2.2)%	(3.8)%	(2.5)%	(2.8)%
International	(7.4)%	(8.1)%	(7.0)%	(2.3)%	(3.5)%	(2.9)%	0.8 %	(3.2)%
Total	(3.3)%	(2.1)%	(2.3)%	0.0 %	(1.5)%	(1.9)%	(1.6)%	(1.7)%

⁽¹⁾ See section "Definition of supplementary financial measures" found in the Supplemental Information section for definition.

In the fourth quarter of 2025, same-store sales were consistent in the Canada segment and negative in the US and international segments. The consistency in the Canada segment is stemming primarily from an increase in the casual dining business unit, partially offset by a decrease in the QSR business unit. The US and international segment had a decrease of 2.8% and 3.2%, respectively with the QSR business unit having the largest impact with a drop of 3% and 2%, respectively.

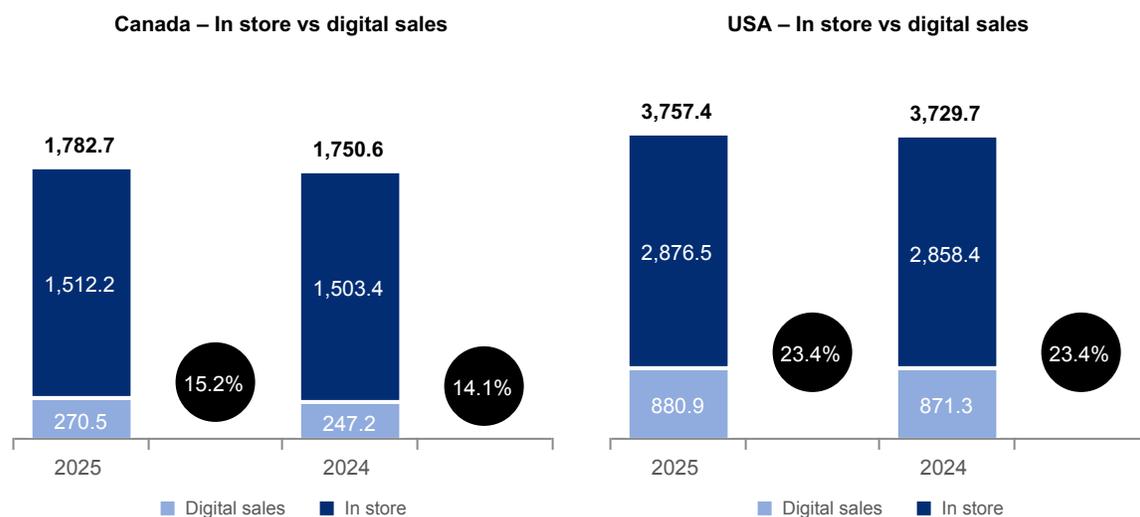
By restaurant type⁽¹⁾, same-store sales were broken down as follows for the twelve months ended months ended November 30, 2025 and 2024:

	Three months ended November 30		Twelve months ended November 30	
	2025	2024	2025	2024
Quick service restaurant	(0.6)%	(1.4)%	(0.2)%	(2.1)%
Fast casual	0.0 %	(2.6)%	(0.3)%	(6.4)%
Casual	0.5 %	2.4 %	1.3 %	(1.2)%
Canada	— %	(0.1)%	0.4 %	(2.5)%
Quick service restaurant	(2.8)%	1.6 %	(2.5)%	(0.3)%
Fast casual	(3.8)%	2.9 %	(2.7)%	0.9 %
Casual	(2.6)%	(4.6)%	(1.5)%	(4.4)%
US	(2.8)%	0.1 %	(2.2)%	(1.3)%
Quick service restaurant	(2.3)%	(2.7)%	(1.8)%	(6.7)%
Fast casual	(34.8)%	(2.8)%	(15.7)%	(4.9)%
Casual	(13.0)%	8.9 %	(6.7)%	(3.4)%
International	(3.2)%	(2.3)%	(2.2)%	(6.5)%

⁽¹⁾ Refer to the Supplemental Information section for a list of brands included in each category.

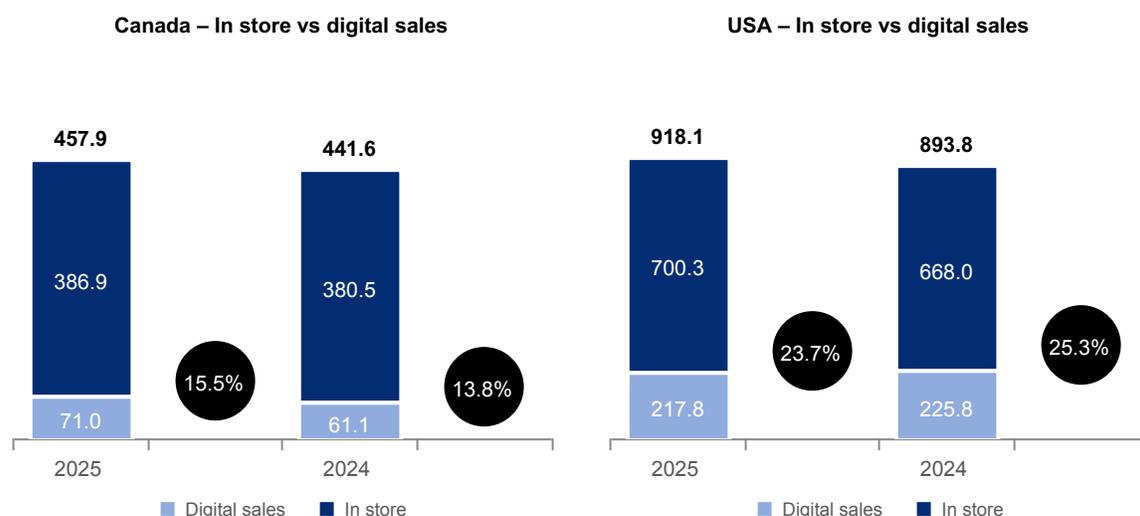
Digital sales

System sales versus digital sales breakdown is as follows for the twelve months ended November 30, 2025 and 2024:



Digital sales for the twelve-month period ended November 30, 2025 increased by 3% compared to the same period last year, including the impact of foreign exchange rates, from \$1,118.5 million to \$1,151.4 million, and represented 21% of total sales, a slight increase over the 20% seen last year. Excluding the impact of foreign exchange, digital sales grew by 1% in the period. The US saw an increase of \$9.6 million or 1% compared to prior year and Canadian digital sales saw an increase of \$23.3 million or 9% during the twelve-month period. The Company continues to invest in the growth of digital sales through continued in-house technological investment as well as partnerships with third-party aggregators.

System sales versus digital sales breakdown is as follows for the three months ended November 30, 2025 and 2024:



Digital sales for the fourth quarter of 2025 increased by 1% compared to the same period last year, including the impact of foreign exchange rates, from \$286.9 million to \$288.8 million, and represented 21% of total sales, which remained unchanged from the same period last year. Excluding the impact of foreign exchange, digital sales decreased by less than 1% in the period. The US saw a decrease of \$8.0 million or 4% compared to prior year and Canadian digital sales saw an increase of \$9.9 million or 16% during the fourth quarter. The US decline is primarily due to Papa Murphy's which saw a reduction of 8% this quarter. Excluding Papa Murphy's, digital sales and the impact of foreign exchange, the US saw an improvement of 6% compared to prior year.

The Company continues to invest in the growth of digital sales through continued in-house technological investment as well as partnerships with third-party aggregators which will include the relaunch of the Papa Murphy's loyalty program in the near future.

CAPITAL STOCK INFORMATION

Stock options

As at November 30, 2025, there were 425,000 options outstanding and 353,887 that were exercisable.

Share trading

MTY's stock is traded on the Toronto Stock Exchange ("TSX") under the ticker symbol "MTY". From December 1, 2024 to November 30, 2025, MTY's share price fluctuated between \$33.34 and \$52.76. On November 30, 2025, MTY's shares closed at \$37.84

Capital stock

The Company's outstanding share capital is comprised of common shares. An unlimited number of common shares are authorized.

As at February 18, 2026, the Company's issued and outstanding capital stock consisted of 22,841,361 shares (November 30, 2024 – 23,425,761) and 425,000 granted and outstanding stock options (November 30, 2024 – 400,000). During the three and twelve months ended November 30, 2025, the Company repurchased and cancelled a total of nil and 584,400 common shares, respectively, (2024 – 314,700 and 906,900, respectively) for cancellation through its NCIB.

Normal Course Issuer Bid Program

On June 30, 2025, the Company announced the renewal of the 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 twelve months ended November 30, 2025, the Company repurchased and cancelled a total of nil and 584,400 common shares, respectively, (2024 – 314,700 and 906,900, respectively) under the current NCIB, at a weighted average price of nil and \$44.78 per common share, respectively (2024 – \$45.26 and \$46.36, respectively), for a total consideration of nil and \$27.7 million, respectively (2024 – \$14.0 million and \$41.8, respectively). An excess of \$1.3 million and \$20.4 million, respectively (2024 – \$10.2 million and \$30.6 million, respectively) of the shares' repurchase value over their carrying amount was charged to retained earnings as share repurchase premiums.

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.

OFF-BALANCE SHEET ARRANGEMENTS

MTY has no off-balance sheet arrangements.

CONTINGENT LIABILITIES

The Company is involved in legal claims associated with its current business activities. The timing of the outflows, if any, is out of the control of the Company and is as a result undetermined at the moment. Contingent liabilities are disclosed as provisions on the consolidated statement of financial position.

The provisions include \$3.9 million (November 30, 2024 – \$3.9 million) for litigations, disputes and other contingencies, representing management's best estimate of the outcome of litigations and disputes that are ongoing at the date of the statement of financial position, as well as self-insured liabilities related to health and workers' compensation and general liability claims. These provisions are made of multiple items; the timing of the settlement of these provisions is unknown given their nature, as the Company does not control the litigation timelines.

The provisions also varied in part due to foreign exchange fluctuations related to the US subsidiaries.

GUARANTEE

The Company has guaranteed leases on certain franchise stores in the event the franchisees are unable to meet their remaining lease commitments. The maximum amount the Company may be required to pay under these agreements was \$10.7 million as at November 30, 2025 (November 30, 2024 – \$12.5 million). In addition, the Company could be required to make payments for percentage rents, realty taxes and common area costs. As at November 30, 2025, the Company has accrued \$1.6 million (November 30, 2024 – \$1.6 million), included in Accounts payable and accrued liabilities in the consolidated financial statements, with respect to these guarantees.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Company's accounting policies, which are described in Note 3 of the consolidated financial statements, management is required to make judgments and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Impairment of long-lived assets

The Company assesses whether there are any indicators of impairment for all long-lived assets at each reporting period date. In addition, management is required to use judgment in determining the grouping of assets to identify a

CGU; the determination is done based on management's best estimation of what constitutes the lowest level at which an asset or group of assets has the possibility of generating cash inflows.

Impairment of property, plant and equipment and right-of-use assets

The Company performs an impairment test of its property, plant and equipment and right-of-use assets when there is an indicator of impairment. The recoverable amounts of the Company's corporate store assets are generally estimated based on fair value less cost of disposal as this was determined to be higher than their value in use. The fair value less cost of disposal of corporate stores is generally determined by estimating the liquidation value of the restaurant equipment and any costs associated with exiting the lease.

Impairment of property, plant and equipment and right-of-use assets

During the years ended November 30, 2025 and 2024 the Company recognized impairment charges on its property, plant and equipment (Note 14 of the consolidated financial statements). The total impairment on property, plant and equipment of \$5.3 million (2024 – \$10.1 million) represents a write-down of the carrying value of the leasehold improvements, equipment, computer hardware, and rolling stock to their fair value less cost of disposal, which was higher than their value in use.

During the years ended November 30, 2025 and 2024, the Company also recognized impairment reversals (charges) on its right-of-use assets (Note 10 of the consolidated financial statements) of \$0.5 million and a reversal of \$1.3 million, respectively.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the year ended November 30, 2025, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of long-lived assets

The Company uses judgment in determining the grouping of assets to identify its CGUs for purposes of testing for impairment of goodwill, trademarks and franchise rights.

In testing for impairment, goodwill acquired in a business combination is allocated to the CGUs that are expected to benefit from the synergies of the business combination. In testing for impairment, trademarks and franchise rights are allocated to the CGUs to which they relate. Furthermore, at each reporting period, judgment is used in determining whether there has been an indication of impairment, which would require the completion of a quarterly impairment test, in addition to the annual requirement.

Impairment of franchise rights and trademarks

The Company performs at least annually an impairment test of its trademarks. The recoverable amounts of the Company's assets are generally estimated based on value in use calculations using a discounted cash flow model as this was determined to be higher than fair value less cost of disposal.

Discount rates are based on pre-tax rates that reflect the current market assessments, taking the time value of money and the risks specific to the CGU into account.

During the years ended November 30, 2025 and 2024, the Company recognized impairment charges of \$9.6 million and \$22.3 million, respectively, on its franchise rights, trademarks, and other intangibles (Note 12 of the consolidated financial statements) representing a write-down of the carrying value to the recoverable amount. The fair value was determined using key assumptions such as discount rates, and projected operating cash flows (Earnings before income tax, depreciation and amortization "EBITDA"). The fair value is classified as level 3 in the fair value hierarchy.

These calculations take into account the Company's best estimate of projected operating cash flows. Projected operating cash flows are estimated based on a multiyear extrapolation of the most recent historical actual results or budgets and a terminal value calculated by discounting the final year in perpetuity.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount in use of the goodwill unit to which goodwill has been allocated. The value in use calculation requires management to estimate the projected operating cash flows expected to arise from the goodwill unit and a suitable discount rate in order to calculate present value.

During the year ended November 30, 2025, the Company recognized impairment charges of \$nil on its goodwill (Note 13 of the consolidated financial statements) (2024 - \$40.5 million).

CHANGES IN ACCOUNTING POLICIES

Policies applicable beginning December 1, 2024

IAS 1, Presentation of Financial Statements

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

IFRS 16, Leases

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

IAS12, Income Taxes

The amendments to IAS 12 were adopted effective December 1, 2024 and resulted in no significant adjustment.

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 year ended November 30, 2025 and have not been applied in preparing the consolidated financial statements.

The following amendments may have a material impact on the consolidated 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.

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.

RISKS AND UNCERTAINTIES

Despite the fact that the Company has various numbers of concepts, diversified in type of locations and geographies across Canada and the US, the performance of the Company is also influenced by changes in demographic trends, traffic patterns, occupancy level of malls and office towers and the type, number, and location of competing restaurants. In addition, factors such as innovation, increased food costs, labour and benefits costs, occupancy costs and the availability of experienced management and hourly employees may adversely affect the Company. Changing consumer preferences and discretionary spending patterns could oblige the Company to modify or discontinue concepts and/or menus and could result in a reduction of revenue and operating income. Even if the Company was able to compete successfully with other restaurant companies with similar concepts, it may be forced to make changes in one or more of its concepts in order to respond to changes in consumer tastes or dining patterns. If the Company changes a concept, it may lose additional customers who do not prefer the new concept and menu, and it may not be able to attract a sufficient new customer base to produce the revenue needed to make the concept profitable. Similarly, the Company may have different or additional competitors for its intended customers as a result of such a concept change and may not be able to successfully compete against such competitors. The Company's success also depends on numerous factors affecting discretionary consumer spending, including economic conditions, disposable consumer income and consumer confidence. Adverse changes in these factors could reduce customer traffic or impose practical limits on pricing, either of which could reduce revenue and operating income.

The growth of MTY is dependent on maintaining the current franchise system, which is subject to many factors including but not limited to the renewal of existing leases at sustainable rates, MTY's ability to continue to expand by obtaining acceptable store sites and lease terms, obtaining qualified franchisees, increasing comparable store sales and completing acquisitions. The time, energy and resources involved in the integration of the acquired businesses into the MTY system and culture could also have an impact on MTY's results.

Labour is a key factor in the success of the Company. If the Company was unable to attract, motivate and retain a sufficient number of qualified individuals, this could materially disrupt the Company's business and operations and adversely impact its operating results, including the delay of planned restaurant openings, the Company's ability to grow sales at existing restaurants and expand its concepts effectively. A shortage of qualified workers has been felt since 2021, as well as an increase in labour costs due to competition and increased wages which have persisted into 2025. These conditions have resulted in aggressive competition for talent, wage inflation and pressure to improve benefits and workplace conditions to remain competitive and attract talent affecting the Company and its franchisees. Restaurants in the Company's network could be short staffed, the ability to meet customer demand could be limited and operational efficiency could also be adversely impacted.

The impacts of a widespread health epidemic or pandemic, including various strains of avian flu or swine flu, such as H1N1, or COVID-19, particularly if located in regions from which the Company derives a significant amount of revenue or profit could continue to impact the Company in the future. The occurrence of such an outbreak or other adverse public health developments can and could continue to materially disrupt the business and operations. Such events could also significantly impact the industry and cause a temporary closure of restaurants, which could severely disrupt MTY's or the Company's franchisees' operations and have a material adverse effect on the business, financial condition and results of operations.

Outbreaks of avian flu occur from time to time around the world, and such outbreaks have resulted in confirmed human cases. Public concern over avian flu generally may cause fear about the consumption of chicken, eggs and other products derived from poultry, which could cause customers to consume less poultry and related products. Because poultry is a menu offering for many of the Company's concepts, this would likely result in lower revenues and profits to both MTY and franchisee partners. Avian flu outbreaks could also adversely affect the price and availability of poultry, which could negatively impact profit margins and revenues.

Furthermore, other viruses may be transmitted through human contact or through the consumption of foods. The risk of contracting viruses transmitted through human contact could cause employees or guests to avoid gathering in public places, which could adversely affect restaurant guest traffic or the ability to adequately staff restaurants.

MTY could also be adversely affected if government authorities impose mandatory closures, seek voluntary closures, impose restrictions on operations of restaurants, impose restrictions on customers via a vaccine passport to dine-in, or restrict the import or export of products, or if suppliers issue mass recalls of products. Even if such measures are not implemented and a virus or other disease does not spread significantly, the perceived risk of infection or health risk may adversely affect the business and operating results. Viruses transmitted through the consumption of foods, such as salmonella, could cause guests to have negative views of a brand, which could cause severe reputational and potentially irreversible damages and, similar to viruses transmitted through human contact, may adversely affect the business and operating results.

The Company's operating results substantially depend upon its ability to obtain frequent deliveries of sufficient quantities of products such as beef, chicken, and other products used in the production of items served and sold to customers. Geopolitical events, such as trade tariffs, public health or pandemic outbreaks, war or hostilities in countries in which suppliers or operations are located, terrorist or military activities, or natural disasters such as hurricanes, tornadoes, floods, earthquakes and others, could lead to interruptions in the supply chain. Disruptions in supply chain could impact delivery of food or other supplies to the Company's restaurants. Delays or restrictions on shipping or manufacturing, closures of supplier or distributor facilities or financial distress or insolvency of suppliers or distributors could disrupt operations or the operations of one or more suppliers or could severely damage or destroy one of more of the stores or distribution centers located in the affected area. These delays or interruptions could impact the availability of certain food and packaging items at the Company's restaurants, including beef, chicken, pork and other core menu products and could require the Company's restaurants to serve a limited menu. The Company's results of operations and those of its franchisees could be adversely affected if its key suppliers or distributors are unable to fulfill their responsibilities and the Company were unable to identify alternative suppliers or distributors in a timely manner or effectively transition the impacted business to new suppliers or distributors. If a disruption of service from any of its key suppliers or distributors were to occur, the Company could experience short-term increases in costs while supply and distribution channels were adjusted and may be unable to identify or negotiate with new suppliers or distributors on terms that are commercially reasonable.

Changes to interest rates could also impact MTY's borrowing capacity, thereby affecting its ability to make accretive acquisitions. Rising interest rates would also negatively impact franchisees' borrowing capacity as well as their available cash flows, thereby slowing down the build of new locations and causing cash flow strains on existing franchisees.

Geopolitical events such as the occurrence of war or hostilities between countries, or threat of terrorist activities and the responses to and results of these activities could also adversely impact the operations of the Company or its franchisee network. These events could lead to supply chain interruptions, closures or destruction of restaurants, increases in inflation and labour shortages.

Please refer to the November 30, 2025 Annual Information Form for further discussion on all risks and uncertainties.

ECONOMIC ENVIRONMENT RISK

The business of the Company is dependent upon numerous aspects of a healthy general economic environment, from strong consumer spending to provide sales revenue, to available credit to finance the franchisees and the Company. In case of turmoil in economic, credit and capital markets, the Company's performance and market price may be adversely affected. The Company's current planning assumptions forecast that the restaurant industry will be impacted by the current economic uncertainty in certain regions in which it operates. Exposure to health epidemics and pandemics, as well as other geopolitical events, such as war or hostilities between countries, and rising interest rates are risks to the Company and its franchise partners. Within a normal economic cycle, management is of the opinion that these risks will not have a major impact on the Company due to the following reasons: 1) the Company generates strong cash flows and has a healthy balance sheet; and 2) the Company has several concepts offering affordable dining out options for consumers in an economic slowdown. During extreme economic turmoil, management believes that the Company has the ability to overcome these risks until the economy re-establishes itself.

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.

The Company has determined that the fair values of its financial assets and financial liabilities with short-term and long-term maturities approximate their carrying value. These financial instruments include cash, accounts receivable, accounts payable and accrued liabilities, deposits and other liabilities. The table below shows the fair value and the carrying amount of other financial instruments as at November 30, 2025 and November 30, 2024.

Since estimates are used to determine fair value, they must not be interpreted as being realizable in the event of a settlement of the instruments.

The classification, carrying value and fair value of financial instruments are as follows:

	<i>(In thousands \$)</i> November 30, 2025		November 30, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Financial assets				
Loans and other receivables	5,896	5,896	3,994	3,994
Finance lease receivables	316,005	316,005	307,804	307,804
Financial liabilities				
Long-term debt	633,767	633,767	706,130	706,130

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is established based on market information available at the date of the consolidated statement of financial position. In the absence of an active market for a financial instrument, the Company uses the valuation methods described below to determine the fair value of the instrument. To make the assumptions required by certain valuation models, the Company relies mainly on external, readily observable market inputs. Assumptions or inputs that are not based on observable market data are used in the absence of external data. These assumptions or factors represent management's best estimates of the assumptions or factors that would be used by market participants for these instruments. The credit risk of the counterparty and the Company's own credit risk have been taken into account in estimating the fair value of all financial assets and financial liabilities, including derivatives.

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

Swaps

Cross currency interest rate swaps

On October 30, 2025, the Company entered into one floating to floating 3-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 \$0.7 million was recorded as at November 30, 2025 (November 30, 2024 – derivative asset of \$3.1 million) in the current portion of derivative assets in the consolidated statements of financial position. The Company has classified this as level 2 in the fair value hierarchy.

	November 30, 2025	November 30, 2024
	3-month	3-month
Receive – Notional	US\$178.5 million	US\$190.0 million
Receive – Rate	5.72%	6.51%
Pay – Notional	CA\$250.0 million	CA\$262.0 million
Pay – Rate	3.96%	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\$200.0 million. A fair value remeasurement of nil and was recorded in the Company's consolidated statement of comprehensive income for the year ended November 30, 2025, respectively (2024 – fair value remeasurement gain of

\$0.2 million). On June 4, 2024, the Company sold the fixed interest rate swap, realizing proceeds of \$6.6 million 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 consolidated statement of income until the termination of the hedged item on April 10, 2026. For the twelve months ended November 30, 2025, the Company recorded a gain of \$3.6 million in the Company's consolidated statement of income related to this amortization (2024 – \$1.7 million).

On May 30, 2023, the Company entered into a two-year SOFR fixed interest rate swap for a notional amount of US\$100.0 million. 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 November 30, 2025 (November 30, 2024 – \$0.5 million). The Company has classified this as level 2 in the fair value hierarchy. A fair value remeasurement loss of \$0.5 million was recorded in the Company's consolidated statement of income for the twelve months ended November 30, 2025 (2024 – fair value remeasurement loss of \$0.8 million).

On January 22, 2024, the Company entered into a three-year SOFR fixed interest rate swap for a notional amount of US\$50.0 million. 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 less than \$0.1 million was recorded as at November 30, 2025 (November 30, 2024 – derivative asset of less than \$0.1 million). The Company has classified this as level 2 in the fair value hierarchy. A fair value remeasurement gain of less than \$0.1 million was recorded in the Company's consolidated statement of income for the twelve months ended November 30, 2025 (2024 – fair value remeasurement gain of less than \$0.1 million).

On September 19, 2024, the Company entered into a three-year CORRA fixed interest rate swap for a notional amount of \$100.0 million. 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 \$0.9 million was recorded as at November 30, 2025 (November 30, 2024 – derivative asset of \$0.1 million). The Company has classified this as level 2 in the fair value hierarchy. A fair value remeasurement gain of \$1.1 million was recorded in the Company's consolidated statement of comprehensive income for the twelve months ended November 30, 2025 (2024 – \$0.1 million).

On September 24, 2024, the Company entered into a three-year CORRA fixed interest rate swap for a notional amount of \$50.0 million. 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 \$0.5 million was recorded as at November 30, 2025 (November 30, 2024 – derivative asset of \$0.1 million). The Company has classified this as level 2 in the fair value hierarchy. A fair value remeasurement loss of \$0.5 million was recorded in the Company's consolidated statement of comprehensive income for the twelve months ended November 30, 2025 (2024 – \$0.1 million).

Range bonus accumulator

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\$1,0 million if rates move outside defined limits. A derivative asset of less than \$0.1 million was recorded as at November 30, 2025 (November 30, 2024 – derivative asset of nil). The Company has classified this as level 2 in the fair value hierarchy. A fair value remeasurement gain of less than \$0.1 million was recorded in the Company's consolidated statement of income for the twelve months ended-month periods ended November 30, 2025 (2024 – nil).

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

<i>(In thousands \$)</i>	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	—	36	70	—	—	106
Long-term portion of derivative assets	—	—	12	—	—	12
Total derivative assets	—	36	82	—	—	118
Current portion of derivative liabilities	(656)	—	—	(509)	(250)	(1,415)
Long-term portion of derivative liabilities	—	—	—	(424)	(209)	(633)
Total derivative liabilities	(656)	—	—	(933)	(459)	(2,048)

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:

<i>(In thousands \$)</i>	2025
	\$
Financial liabilities classified as level 3 as at November 30, 2024	2,142
Repayment of contingent consideration	(2,365)
Revaluation of financial liabilities recorded at fair value	223
Financial liabilities classified as level 3 as at November 30, 2025	—

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

<i>(In thousands \$)</i>	November 30, 2025	November 30, 2024
	\$	\$
Fair value of non-controlling interest buyback obligation in 9974644 Canada Inc.	—	2,142
Financial liabilities classified as level 3	—	2,142

FINANCIAL RISK EXPOSURE

The Company, through its financial assets and financial liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at November 30, 2025.

Credit risk

The Company's credit risk is primarily attributable to its trade receivables and finance lease receivables. The amounts disclosed in the consolidated statement of financial position represent the maximum exposure to credit risk for each respective financial asset as at the relevant dates. The Company believes that the credit risk of accounts receivable

and finance lease receivables is limited as other than receivables from international locations, the Company's broad client base is spread mostly across Canada and the US, which limits the concentration of credit risk.

The credit risk on the Company's loans and other receivables is similar to that of its accounts receivable and finance lease receivables.

Foreign exchange risk

Foreign exchange risk is the Company's exposure to decreases or increases in financial instrument values cause by fluctuations in exchange rates. The Company's exposure to foreign exchange risk mainly comes from sales denominated in foreign currencies. The Company's US and foreign operations use the US dollar ("USD") as functional currency. The Company's exposure to foreign exchange risk stems mainly from cash, accounts receivable, long-term debt denominated in USD, other working capital items and financial obligations from its US operations. As at November 30, 2025, US\$275,000 (November 30, 2024 – US\$308,000) was drawn from the revolving credit facility.

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

As at November 30, 2025 and 2024, the Company has the following financial instruments denominated in foreign currencies:

	2025		2024	
	USD	CAD	USD	CAD
	\$	\$	\$	\$
Financial assets				
Cash	2,370	3,313	8,573	12,011
Accounts receivable	482	674	631	884
Financial liabilities				
Accounts payable and deposits	(190)	(266)	(624)	(874)
Long-term debt	(275,000)	(384,423)	(308,000)	(431,508)
Net financial liabilities	(272,338)	(380,702)	(299,420)	(419,487)

All other factors being equal, a reasonable possible 5% rise in foreign currency exchange rates per Canadian dollar would result in a loss of \$13.6 (2024 – loss of \$15.0) on the consolidated statements of income and comprehensive income.

Interest rate risk

Interest rate risk is the Company's exposure to increases and decreases in financial instrument values caused by the fluctuation in interest rates. The Company is exposed to cash flow risk due to the interest rate fluctuation in its floating-rate interest-bearing financial obligations. The Company from time to time may enter into fixed interest rate derivatives to manage its cash flow risk exposure, with long-term commitments requiring Board approval to ensure compliance with the Company's risk management strategy. As at November 30, 2025, the Company holds floating-to-fixed interest rate swaps in order to hedge a portion of the interest rate cash flow risk associated with floating interest rate debt.

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

Long-term debt stems mainly from acquisitions of long-term assets and business combinations. The Company is exposed to interest rate risk with its revolving credit facility which is used to finance the Company's acquisitions. The facility bears interest at a variable rate and as such the interest burden could change materially. \$633.8 million (November 30, 2024 – \$704.6 million) of the credit facility was used as at November 30, 2025. A 100 basis points increase in the bank's prime rate would result in additional interest of \$6.3 million per annum (2024 – \$7.0 million) on the outstanding credit facility.

Liquidity risk

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

As at November 30, 2025, the Company had an authorized revolving credit facility for which the available amount may not exceed \$900.0 million (November 30, 2024 – \$900.0 million) and including an accordion feature amounting to

\$300.0 million (November 30, 2024 – \$300.0 million) that is subject to lenders approval, to ensure that sufficient funds are available to meet its financial requirements.

The following are the contractual maturities of financial liabilities as at November 30, 2025:

<i>(In millions \$)</i>	Carrying amount	Contractual cash flows	0 – 6 Months	6 – 12 Months	12 – 24 Months	Thereafter
	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	123.6	123.6	123.6	—	—	—
Long-term debt ⁽¹⁾	632.2	633.8	—	—	—	633.8
Interest on long-term debt ⁽¹⁾	N/A	54.8	19.3	19.3	16.2	—
Lease liabilities	498.8	572.0	64.2	64.2	110.3	333.3
	1,254.6	1,384.2	207.1	83.5	126.5	967.1

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

NEAR-TERM OUTLOOK

MTY continues to navigate a dynamic operating environment. The macro-economic conditions continue to create short-term headwinds and the Company continues actively implementing a range of strategic initiatives to position the business for growth once the environment improves. These include, and are not limited to, driving menu innovation, maintaining product quality and consistency, enhancing both online and in-store customer experiences, and reinforcing a strong value proposition across its banners.

The pipeline of future locations remains strong. This quarter's positive net openings was in line with expectations. MTY continues to anticipate an improvement in the pace of openings in the coming quarters, excluding normal seasonality in the first quarter of the year, and continues to see strong demand for its brands, especially the larger ones.

Management notes certain macroeconomic and policy-related uncertainties could affect performance. To date MTY has only seen modest direct impacts from tariffs. In both Canada and the US, the Company primarily sources products domestically, which helps limit the potential exposure. Management remains confident in its ability to navigate potential impacts through its strong supply chain and procurement capabilities, strategic menu adjustments, and, when necessary, pricing actions.

Management expects stability in normalized adjusted EBITDA margins across each of its segments, though the Company may experience some fluctuations in corporate store margins, such as this quarter. Overall, management remains confident about its ability to drive margin improvement through positive unit growth, enhanced efficiencies, and an ongoing reduction in the number of less profitable corporate stores.

Management continues to expect to drive strong free cash flows into 2026, supported by lower capex over prior year.

CONTROLS & PROCEDURES

Disclosure controls and procedures

The Chief Executive Officer (“CEO”) and the Chief Financial Officer (“CFO”) are responsible for establishing and maintaining disclosure controls and procedures (“DC&P”). The Company's DC&P are designed to provide reasonable assurance that material information relating to the Company is made known to Management in a timely manner to allow the information required to be disclosed under securities legislation to be recorded, processed, summarized and reported within the time periods specified in securities legislation.

During the year ended November 30, 2025, MTY did not make any significant changes in, nor take any significant corrective actions regarding internal controls or other factors that could significantly affect such internal controls. The CEO and CFO periodically review the Company's DC&P for design and operating effectiveness and conduct an evaluation each quarter. As at November 30, 2025, the CEO and CFO were satisfied with the effectiveness of the Company's DC&P.

Internal controls over financial reporting

The CEO and the CFO are responsible for establishing and maintaining internal control over financial reporting. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability

of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards. The CEO and CFO, together with management, have concluded after having conducted an evaluation and to the best of their knowledge that, there were no changes to the Company's internal control over financial reporting that occurred during the year ended November 30, 2025, that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

Limitations of controls and procedures

There are inherent limitations in the effectiveness of any control system, including the potential for human error and the possible circumvention or overriding of controls and procedures. Additionally, judgments in decision-making can be faulty and breakdowns can occur because of a simple error or mistake. An effective control system can provide only reasonable, not absolute, assurance that the control objectives of the system are adequately met. Accordingly, the management of the Company, including its CEO and CFO, does not expect that the control system can prevent or detect all error or fraud.

Finally, projections of any evaluation or assessment of effectiveness of a control system to future periods are subject to the risks that, over time, controls may become inadequate because of changes in an entity's operating environment or deterioration in the degree of compliance with policies or procedures.

Limitation on scope of design

The Company's management, with the participation of its CEO and CFO, has limited the scope of the design of the Company's DC&P and internal controls over financial reporting to exclude controls, policies and procedures and internal controls over financial reporting of certain special purpose entities ("SPEs") on which the Company has the ability to exercise *de facto* control and which have as a result been consolidated in the Company's consolidated financial statements. For the year ended November 30, 2025, these SPEs represent 0.2% of the Company's current assets, 0.0% of its non-current assets, 0.1% of the Company's current liabilities, 0.0% of non-current liabilities, 1.0% of the Company's revenue and 0.0% of the Company's net income.



Eric Lefebvre, CPA, MBA Chief Executive Officer



Renee St-Onge, CPA Chief Financial Officer

SUPPLEMENTAL INFORMATION

List of acquisitions

Other banners added through acquisitions include:

Brand	Acquisition year	% ownership	# of franchised locations	# of corporate locations
Fontaine Santé/Veggirama	1999	100%	18	—
La Crémère	2001	100%	71	3
Croissant Plus	2002	100%	18	2
Cultures	2003	100%	24	—
Thai Express	May 2004	100%	6	—
Mrs. Vanelli's	June 2004	100%	103	—
TCBY – Canadian master franchise right	September 2005	100%	91	—
Sushi Shop	September 2006	100%	42	5
Koya Japan	October 2006	100%	24	—
Sushi Shop – existing franchise locations	September 2007	100%	—	15
Tutti Frutti	September 2008	100%	29	—
Taco Time – Canadian master franchise rights	October 2008	100%	117	—
Country Style Food Services Holdings Inc.	May 2009	100%	475	5
Groupe Valentine inc.	September 2010	100%	86	9
Jugo Juice	August 2011	100%	134	2
Mr. Submarine	November 2011	100%	338	—
Koryo Korean BBQ	November 2011	100%	19	1
Mr. Souvlaki	September 2012	100%	14	—
SushiGo	June 2013	100%	3	2
Extreme Pita, PurBlendz and Mucho Burrito ("Extreme Brandz")	September 2013	100%	300 - 34 of which in the US	5
ThaiZone	September 2013 March 2015	80% + 20%	25 and 3 mobile restaurants	—
Madisons	July 2014 September 2018	90% + 10%	14	—
Café Dépôt, Muffin Plus, Sushi-Man and Fabrika	October 2014	100%	88	13
Van Houtte Café Bistros – perpetual franchising license	November 2014	100%	51	1
Manchu Wok, Wasabi Grill & Noodle and SenseAsian	December 2014	100%	115	17
Big Smoke Burger	September 2015 September 2016	60% + 40%	13	4
Kahala Brands Ltd - Cold Stone Creamery, Blimpie, Taco Time, Surf City Squeeze, The Great Steak & Potato Company, NrGize Lifestyle Café, Samurai Sam's Teriyaki Grill, Frullati Café & Bakery, Rollerz, Johnnie's New York Pizzeria, Ranch One, America's Taco Shop, Cerealaty, Tasti D-Lite, Planet Smoothie, Maui Wowi and Pinkberry	July 2016	100%	2,839	40
BF Acquisition Holdings, LLC – Baja Fresh Mexican Grill and La Salsa Fresh Mexican Grill	October 2016	100%	167	16
La Diperie	December 2016 March 2019	60%+ 5%	5	—

Brand	Acquisition year	% ownership	# of franchised locations	# of corporate locations
Steak Frites St-Paul and Giorgio Ristorante	May 2017 September 2018	83.25% + 9.25%	15	—
The Works Gourmet Burger Bistro	June 2017	100%	23	4
Dagwoods Sandwiches and Salads	September 2017	100%	20	2
The Counter Custom Burgers	December 2017	100%	36	3
Built Custom Burgers	December 2017	100%	5	—
Imvescor Restaurant Group - Baton Rouge, Pizza Delight, Scores, Toujours Mikes, and Ben & Florentine	March 2018	100%	253	8
Grabbagreen	March 2018	100%	26	1
Timothy's World Coffee and Mmmuffins - perpetual franchising license	April 2018	100%	32	7
SweetFrog Premium Frozen Yogurt	September 2018	100%	331	—
Casa Grecque	December 2018	100%	31	—
South Street Burger	March 2019	100%	24	13
Papa Murphy's	May 2019	100%	1,301	103
Yuzu Sushi	July 2019	100%	129	—
Allô! Mon Coco	July 2019	100%	40	—
Turtle Jack's Muskoka Grill, COOP Wicked Chicken and Frat's Cucina	December 2019	70%	20	3
Küto Comptoir à Tartares	December 2021	100%	31	—
BBQ Holdings – Famous Dave's, Village Inn, Barrio Queen, Granite City, Real Urban Barbecue, Tahoe Joe's Steakhouse, Bakers Square, Craft Republic, Fox & Hound and Champps	September 2022	100%	198	103
Wetzel's Pretzels	December 2022	100%	328	38
Sauce Pizza and Wine	December 2022	100%	—	13

Definition of non-GAAP measures

The following non-GAAP measures can be found in the analysis of the MD&A:

Adjusted EBITDA	Represents revenue less operating expenses. See reconciliation of adjusted EBITDA to Income (loss) before taxes on page 12 and 19.
Normalized adjusted EBITDA	Represents revenue less operating expenses (excluding transaction costs related to acquisitions and SAP project implementation costs). See reconciliation of normalized adjusted EBITDA to Income (loss) before taxes on page 12 and 19.
Adjusted earnings per share	Represents net income attributable to owners less tax effected unrealized and realized foreign exchange gain (loss) divided by weighted daily average number of common shares – diluted.
Free cash flows net of lease payments	Represents the net cash flows: provided by operating activities; used in additions to property, plant and equipment and intangible assets; provided by proceeds on disposal of property, plant and equipment; and net of lease payments.

Definition of non-GAAP ratios

The following non-GAAP ratios can be found in the analysis of the MD&A:

Adjusted EBITDA as a % of revenue	Represents adjusted EBITDA divided by revenue.
Normalized adjusted EBITDA as a % of revenue	Represents normalized adjusted EBITDA divided by revenue.
Free cash flows net of lease payments per diluted share	Represents free cash flows net of lease payments divided by diluted shares.
Debt-to-EBITDA	Defined as current and long-term debt divided by EBITDA as defined in the credit agreement.

Definition of supplementary financial measures

Management discloses the following supplementary financial measures as they have been identified as relevant metrics to evaluate the performance of the Company.

The following supplementary financial measures can be found in the analysis of the MD&A:

Recurring revenue streams	Comprised of royalties and other franchising revenues that are earned on a regular basis in accordance with franchise agreements in place.
Non-controllable expenses	Comprised of government subsidies that are not directly in control of management and royalties paid to third parties.
Controllable expenses	Comprised of wages, professional and consulting services and other office expenses, that are directly in the control of management.
Variance in recurring revenue and expenses	Comprised of recurring revenue streams, controllable expenses, royalties paid to third parties, rent (excluding impact of IFRS 16), food processing, distribution and retail revenue and expenses, promotional fund revenue and expenses.
Same-store sales	Comparative sales generated by stores that have been open for at least thirteen months or that have been acquired more than thirteen months ago.
System sales	System sales are sales of all existing restaurants including those that have closed or have opened during the period, as well as the sales of new concepts acquired from the closing date of the transaction and forward.
Digital sales	Digital sales are sales made by customers through online ordering platforms.

Free cash flows net of lease payments⁽¹⁾ loop to cash flows provided by operating activities

	Three months ended							
	February 2024	May 2024	August 2024	November 2024	February 2025	May 2025	August 2025	November 2025
<i>(In thousands \$)</i>								
Cash flows provided by operating activities	54,178	40,558	66,355	43,716	58,802	40,160	39,009	46,180
Additions to property, plant and equipment	(7,011)	(7,265)	(6,375)	(4,036)	(3,665)	(4,382)	(2,681)	(2,777)
Additions to intangible assets	(298)	(356)	(808)	(1,577)	(889)	(827)	(81)	(242)
Proceeds on disposal of intangible assets	—	—	—	314	—	—	—	—
Proceeds on disposal of property, plant and equipment	564	2,320	801	617	1,109	213	486	5,867
Net lease payments	(10,511)	(10,936)	(10,702)	(11,666)	(11,830)	(11,542)	(10,914)	(11,378)
Free cash flows net of lease payments ⁽¹⁾	36,922	24,321	49,271	27,368	43,527	23,622	25,819	37,650

⁽¹⁾ See section "Definition of non-GAAP measures" found in the Supplemental Information section for definition.

System sales ⁽¹⁾ to royalties

Sales for the twelve months ended November 30, 2025							
(millions of \$)	Canada			US & International			TOTAL
	Corporate	Franchised	Total	Corporate	Franchised	Total	
System sales ⁽¹⁾	41.7	1,741.0	1,782.7	448.5	3,467.2	3,915.7	5,698.4
Franchise royalty income as a % of franchise sales	—	5.17%	—	—	5.01%	—	N/A
Royalties	—	90.0	—	—	173.7	—	263.7

Sales for the twelve months ended November 30, 2024							
(millions of \$)	Canada			US & International			TOTAL
	Corporate	Franchised	Total	Corporate	Franchised	Total	
System sales ⁽¹⁾	45.3	1,705.3	1,750.6	455.5	3,429.6	3,885.1	5,635.7
Franchise royalty income as a % of franchise sales	—	5.27 %	—	—	5.10 %	—	N/A
Royalties	—	89.8	—	—	174.8	—	264.6

Sales for the three months ended November 30, 2025							
(millions of \$)	Canada			US & International			TOTAL
	Corporate	Franchised	Total	Corporate	Franchised	Total	
System sales ⁽¹⁾	9.9	448.0	457.9	104.4	852.5	956.9	1,414.8
Franchise royalty income as a % of franchise sales	—	4.98 %	—	—	4.69 %	—	N/A
Royalties	—	22.3	—	—	40.0	—	62.3

Sales for the three months ended November 30, 2024							
(millions of \$)	Canada			US & International			TOTAL
	Corporate	Franchised	Total	Corporate	Franchised	Total	
System sales ⁽¹⁾	13.9	427.7	441.6	111.4	818.9	930.3	1,371.9
Franchise royalty income as a % of franchise sales	—	5.28 %	—	—	4.95 %	—	N/A
Royalties	—	22.6	—	—	40.5	—	63.1

⁽¹⁾ See section "Definition of supplementary financial measures" found in the Supplemental Information section for definition.

Brands per category

Quick service restaurant

America's Taco Shop
Blimpie
Built Custom Burgers
Bubble Tea Shop
Cakes'N'Shakes by La Dip
Café Dépôt
Chicken Strips and Dips
Cold Stone Creamery
Country Style
Cultures
Dagwoods Sandwiches and Salads
Extreme Pita
Frullati Café & Bakery
Jugo Juice
Kahala Coffee Traders
Kim Chi
Koryo Korean Barbeque
Koya Japan
La Crémère
La Diperie
Manchu Wok
Maui Wowi
Mr. Souvlaki
Mr. Sub
Muffin Plus
NrGize Lifestyle Café
Papa Murphy's
Planet Smoothie
Ranch One
Rocky Mountain Chocolate Factory
SenseAsian
Spice Bros
Sukiyaki
Surf City Squeeze
SweetFrog
Taco Time
Tasti D-Lite
TCBY
The Great Steak & Potato Company
Tiki Ming
Valentine
Van Houtte
Ms. Vanellis
Vie & Nam
Villa Madina
Wasabi Grill & Noodle
Wetzel's Pretzels

Fast casual

Baja Fresh Mexican Grill
Big Smoke Burger
Grabbagreen
Küto Comptoir à Tartares
La Salsa Fresh Mexican Grill
Mucho Burrito
Pinkberry
Real Urban Barbecue
Samurai Sam's Teriyaki Grill
South Street Burger
Sushi Go
Sushi Shop
Sushi-Man
Thai Express
ThaiZone
Timothy's World Coffee
Tosto Quickfire Pizza Pasta
Yuzu Sushi

Casual

Allô! Mon Coco
Bakers Square
Barrio Queen
Baton Rouge
Ben & Florentine
Casa Grecque
Champps
COOP Wicked Chicken
Famous Dave's
Giorgio Ristorante
Granite City
Johnnie's New York Pizzeria
Madisons New York Grill & Bar
Pizza Delight
Sauce Pizza & Wine
Scores
Steak Frites St-Paul
Tahoe Joe's Steakhouse
The Counter Custom Burgers
The Works Gourmet Burger Bistro
Toujours Mikes
Turtle Jack's Muskoka Grill
Tutti Frutti
Village Inn

Consolidated financial statements of MTY Food Group Inc.

November 30, 2025 and 2024



Independent auditor's report

To the Shareholders of MTY Food Group Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of MTY Food Group Inc. and its subsidiaries (together, the Company) as at November 30, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of income for the years ended November 30, 2025 and 2024;
- the consolidated statements of comprehensive income for the years ended November 30, 2025 and 2024;
- the consolidated statements of changes in shareholders' equity for the years ended November 30, 2025 and 2024;
- the consolidated statements of financial position as at November 30, 2025 and 2024;
- the consolidated statements of cash flows for the years ended November 30, 2025 and 2024; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

PricewaterhouseCoopers LLP
1250 René-Lévesque Boulevard West, Suite 2500
Montréal, Quebec, Canada H3B 4Y1
T.: +1 514 205 5000, F.: +1 514 876 1502
Fax to mail: ca_montreal_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended November 30, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment assessment of goodwill, trademarks and franchise and master franchise rights</p> <p>Refer to note 3 – Material accounting policies, note 4 – Critical accounting judgments and key sources of estimation uncertainty, note 12 – Intangible assets, note 13 – Goodwill and note 14 – Impairment charge to the consolidated financial statements.</p> <p>As at November 30, 2025, the Company had goodwill, trademarks (intangible assets with indefinite useful lives), franchise and master franchise rights (intangible assets with definite useful lives) balances totaling \$692.8 million, \$885.4 million and \$148.1 million, respectively.</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none">• Evaluated how management determined the recoverable amounts of the goodwill units and certain CGUs, which included the following:<ul style="list-style-type: none">– Tested the mathematical accuracy of the discounted cash flow models.– Evaluated the reasonableness of the projected operating cash flows (EBITDA) applied by management in the discounted cash flow models by considering the past and current performance of the goodwill units and CGUs.

Key audit matter

How our audit addressed the key audit matter

For the purposes of impairment testing, goodwill is allocated to the Cash Generating Unit (CGU) or a group of CGUs (goodwill unit) that are considered to represent the lowest level within the group at which the goodwill is monitored for internal management purposes. For the purpose of the franchise and master franchise rights and trademarks, the CGU for which a reasonable and consistent allocation basis can be identified is the brand level and constitutes the lowest level at which an asset or group of assets has the possibility of generating cash inflows.

Goodwill and trademarks are tested for impairment annually as at September 1, or more frequently when there is an indicator of impairment. Franchise and master franchise rights are tested annually in connection with the trademarks annual testing at the brand level, or whenever there is an indication that the asset may be impaired.

If the recoverable amount of a CGU or a goodwill unit is estimated to be less than its carrying amount, the carrying amount of the CGU or goodwill unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

On September 1, 2025, management estimated the recoverable amounts of the CGUs or goodwill units, based on value in use calculations using a discounted cash flow model. The key assumptions used were the projected operating cash flows (earnings before income tax, depreciation and amortization or EBITDA) as well as the discount rates.

Following management's assessment, impairment charges of \$8.3 million and \$0.7 million, related to trademarks and franchise and master franchise rights, respectively, were recorded during the year.

- Professionals with specialized skill and knowledge in the field of valuation assisted in testing the appropriateness of the models used and the reasonableness of the discount rates applied by management based on available data of comparable companies.
- Tested the underlying data used in the discounted cash flow models.

Key audit matter**How our audit addressed the key audit matter**

We considered this a key audit matter due to (i) the significance of the goodwill, trademarks and franchise and master franchise rights balances and (ii) the significant judgment made by management in determining the recoverable amounts of the goodwill units and CGUs, including key assumptions. This has resulted in a high degree of subjectivity and audit effort in performing audit procedures relating to the key assumptions. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Andrew Popliger.

/s/PricewaterhouseCoopers LLP¹

Montréal, Quebec

February 18, 2026

¹ CPA auditor, public accountancy permit No. A125677

MTY Food Group Inc.
Consolidated statements of income
Years ended November 30, 2025 and 2024
(In thousands of Canadian dollars, except per share amounts)

		2025	2024
	Notes	\$	\$
Revenue	25 & 29	1,190,169	1,159,604
Expenses			
Operating expenses	26 & 29	901,888	896,567
Depreciation – property, plant and equipment and right-of-use assets	10 & 11	59,090	59,949
Amortization – intangible assets	12	32,684	31,870
Interest on long-term debt		35,007	46,515
Net interest expense on leases	10	10,887	11,205
(Reversal of) impairment charge – right-of-use assets	10	(535)	1,259
Net impairment charge – property, plant and equipment, intangible assets and goodwill	14	14,867	72,947
		1,053,888	1,120,312
Other income (expenses)			
Unrealized and realized foreign exchange gain (loss)		1,792	(21,763)
Interest income		343	627
Gain on de-recognition/lease modification of lease liabilities		653	407
(Loss) gain on disposal of property, plant and equipment		(192)	194
Revaluation of financial liabilities and derivatives recorded at fair value	23	(635)	(596)
Restructuring		—	(2,487)
Gain on extinguishment of debt		—	131
		1,961	(23,487)
Income before taxes		138,242	15,805
Income tax expense (recovery)	28		
Current		30,686	17,933
Deferred		(11,836)	(26,764)
		18,850	(8,831)
Net income		119,392	24,636
Net income attributable to:			
Owners		118,992	24,170
Non-controlling interests		400	466
Net income		119,392	24,636
Net income per share	22		
Basic and diluted		5.18	1.01

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

MTY Food Group Inc.
Consolidated statements of comprehensive income

Years ended November 30, 2025 and 2024

(In thousands of Canadian dollars)

(Unaudited)

		2025	2024
	Notes	\$	\$
Net income		119,392	24,636
Other comprehensive income (loss)			
Items that may be reclassified subsequently to net income			
Translation adjustments			
Unrealized (loss) gain on translation of foreign operations		(3,865)	37,708
Cash flow hedges			
Change in fair value of financial instruments	23	(1,507)	3,285
Loss realized on financial instruments transferred to earnings	23	(3,691)	(4,497)
Deferred tax recovery (expense) on foreign currency translation adjustments and cash flow hedges		961	(2,261)
		(8,102)	34,235
Total comprehensive income		111,290	58,871
Total comprehensive income attributable to:			
Owners		110,890	58,405
Non-controlling interests		400	466
		111,290	58,871

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

MTY Food Group Inc.

Consolidated statements of changes in shareholders' equity

Years ended November 30, 2025 and 2024
(In thousands of Canadian dollars)
(Unaudited)

	Reserves				Equity attributable to non-controlling interests	Total			
	Capital stock	Contributed surplus	Accumulated other comprehensive income (loss) (Note 20)	Total reserves			Retained earnings	Equity attributable to owners	
Balance as at November 30, 2023	\$ 301,779	\$ (850)	\$ 5,649	\$ 25,470	\$ 30,269	\$ 479,364	\$ 811,412	\$ 1,477	\$ 812,889
Net income for the year ended November 30, 2024	—	—	—	—	—	24,170	24,170	466	24,636
Other comprehensive income	—	—	—	34,235	34,235	—	34,235	—	34,235
Total comprehensive income	—	—	—	34,235	34,235	—	34,235	—	34,235
Shares repurchased and cancelled (Note 19)	(11,186)	—	—	—	—	(30,629)	(41,815)	—	(41,815)
Dividends	—	—	—	—	—	(26,811)	(26,811)	(330)	(27,141)
Share-based compensation (Note 21)	—	—	646	—	646	—	646	—	646
Balance as at November 30, 2024	290,593	(850)	6,295	59,705	65,150	446,094	801,837	1,613	803,450
Net income for the year ended November 30, 2025	—	—	—	(8,102)	—	118,992	118,992	400	119,392
Other comprehensive loss	—	—	—	(8,102)	(8,102)	—	(8,102)	—	(8,102)
Total comprehensive income	—	—	—	(8,102)	(8,102)	118,992	110,890	400	111,290
Shares repurchased and cancelled (Note 19)	(7,310)	—	—	—	—	(20,430)	(27,740)	—	(27,740)
Dividends	—	—	—	—	—	(30,302)	(30,302)	(96)	(30,398)
Share-based compensation (Note 21)	—	—	417	—	417	—	417	—	417
Acquisition of non-controlling interest	—	850	—	—	850	464	1,314	(1,314)	—
Balance as at November 30, 2025	283,283	—	6,712	51,603	58,315	514,818	856,416	603	857,019

Dividends declared and paid by the Company

\$1.320 per common share (2024 – \$1.118 per common share)

	2025	2024
	\$	\$
	30,302	26,811

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

MTY Food Group Inc.

Consolidated statements of financial position

As at November 30, 2025 and 2024

(In thousands of Canadian dollars)

(Unaudited)

	Notes	2025 \$	2024 \$
Assets			
Current assets			
Cash		51,989	50,409
Accounts receivable	7	92,056	81,240
Inventories	8	17,518	20,002
Assets held for sale	9	1,125	4,365
Current portion of loans and other receivables		2,164	1,495
Current portion of finance lease receivables	10	74,693	76,152
Income taxes receivable		7,871	6,757
Current portion of derivative assets	23	106	3,674
Other assets		6,904	5,199
Prepaid expenses and deposits		15,195	13,855
		269,621	263,148
Loans and other receivables			
Loans and other receivables		3,732	2,499
Finance lease receivables	10	241,312	231,652
Contract cost asset		8,268	7,949
Deferred income taxes		1,979	9,701
Derivative assets	23	12	177
Property, plant and equipment	11	81,662	103,916
Right-of-use assets	10	162,815	185,168
Intangible assets	12	1,048,325	1,088,314
Goodwill	13	692,752	693,835
		2,510,478	2,586,359
Liabilities and Shareholders' equity			
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		123,600	134,390
Provisions	15	3,922	3,866
Gift card and loyalty program liabilities	16	142,236	157,534
Income taxes payable		12,807	5,083
Current portion of deferred revenue and deposits	17	14,868	15,827
Current portion of long-term debt	18	—	2,464
Current portion of derivative liabilities	23	1,415	—
Current portion of lease liabilities	10	106,472	110,910
Liabilities held for sale	9	616	2,964
		405,936	433,038
Long-term debt			
Long-term debt	18	632,172	704,141
Lease liabilities	10	392,365	404,228
Deferred revenue and deposits	17	60,024	57,660
Deferred income taxes		162,329	183,842
Derivative liabilities	23	633	—
		1,653,459	1,782,909

MTY Food Group Inc.**Consolidated statements of financial position (continued)**

As at November 30, 2025 and 2024

(In thousands of Canadian dollars)

(Unaudited)

		2025	2024
	Notes	\$	\$
Shareholders' equity			
Equity attributable to owners			
Capital stock	19	283,283	290,593
Reserves		58,315	65,150
Retained earnings		514,818	446,094
		856,416	801,837
Equity attributable to non-controlling interests		603	1,613
		857,019	803,450
		2,510,478	2,586,359

Approved by the Board on February 18, 2026


_____, Director


_____, Director

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

MTY Food Group Inc.

Consolidated statements of cash flows

Years ended November 30, 2025 and 2024

(In thousands of Canadian dollars)

(Unaudited)

		2025	2024
	Notes	\$	\$
Operating activities			
Net income		119,392	24,636
Adjusting items:			
Interest on long-term debt		35,007	46,515
Net interest expense on leases	10	10,887	11,205
Depreciation – property, plant and equipment and right-of-use assets		59,090	59,949
Amortization – intangible assets	12	32,684	31,870
Impairment (reversal) charge – right-of-use assets	10	(535)	1,259
Impairment charge – property, plant and equipment and intangible assets	14	14,867	72,947
Unrealized foreign exchange gain (loss)		(6,029)	18,136
Gain on de-recognition/lease modification of lease liabilities		(4,656)	(1,636)
Loss (gain) on disposal of property, plant and equipment		192	(194)
Revaluation of financial liabilities and derivatives recorded at fair value	23	635	596
Gain on extinguishment of debt		—	(131)
Income tax expense (recovery)		18,850	(8,831)
Share-based compensation		417	646
		280,801	256,967
Income taxes paid		(26,384)	(7,433)
Interest paid		(36,750)	(47,009)
Other		(1,907)	3,882
Changes in non-cash working capital items	30	(31,609)	(1,600)
Cash provided by operating activities		184,151	204,807
Investing activities			
Repayment (issuance) of loans and other receivables		48	(427)
Additions to property, plant and equipment	11	(13,505)	(24,687)
Additions to intangible assets	12	(2,039)	(3,039)
Proceeds on disposal of property, plant and equipment		7,675	4,302
Proceeds on disposal on intangible		—	314
Cash used in investing activities		(7,821)	(23,537)

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

For the three and nine-month periods ended November 30, 2025 and 2024

(In thousands of Canadian dollars)

(Unaudited)

		2025	2024
		\$	\$
Financing activities			
Issuance of long-term debt		—	22,785
Repayment of long-term debt	30	(69,870)	(102,306)
Net lease payments	10	(45,664)	(43,815)
Shares repurchased and cancelled	19	(27,740)	(41,815)
Capitalized financing costs	30	(1,172)	(1,052)
Proceed on disposal of SOFR fixed interest rate swap	23	—	6,562
Dividends paid to non-controlling shareholders of subsidiaries		(96)	(330)
Dividends paid		(30,302)	(26,811)
Cash used in financing activities		(174,844)	(186,782)
Net increase (decrease) in cash		1,486	(5,512)
Effect of foreign exchange rate loss (gain) on cash		94	(2,974)
Cash, beginning of period		50,409	58,895
Cash, end of period		51,989	50,409

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

Table of contents

1.	Description of the business	9
2.	Basis of preparation	9
3.	Material accounting policies	11
4.	Critical accounting judgments and key sources of estimation uncertainty	20
5.	Changes in accounting policies	21
6.	Future accounting changes	21
7.	Accounts receivable	23
8.	Inventories	23
9.	Assets and liabilities held for sale	24
10.	Leases	24
11.	Property, plant and equipment	28
12.	Intangible assets	29
13.	Goodwill	30
14.	Impairment charge	30
15.	Provisions	33
16.	Gift card and loyalty program liabilities	33
17.	Deferred revenue and deposits	33
18.	Long-term debt	34
19.	Capital stock	35
20.	Accumulated other comprehensive income	36
21.	Stock options	37
22.	Net income per share	38
23.	Financial instruments	38
24.	Capital disclosures	43
25.	Revenue	44
26.	Operating expenses	45
27.	Guarantee	45
28.	Income taxes	46
29.	Segmented information	49
30.	Statement of cash flows	51

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS Accounting Standards”), as issued by the International Accounting Standards Board (“IASB”).

The financial statements were authorized for issue by the Board of Directors on February 18, 2026.

The material accounting policies set out below have been applied consistently to all periods presented in the consolidated 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 consolidated 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.

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

2. Basis of preparation (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
 - is exposed, or has rights, to variable returns from its involvement with the investee; and
 - has the ability to use its power to affect its returns.
- Principal subsidiaries are as follows:

Principal subsidiaries	Percentage of equity interest		Functional currency
	2025	2024	
	%	%	
MTY Franchising Inc.	100	100	Canadian dollar
MTY Franchising USA, Inc.	100	100	US dollar
Kahala Brands Inc.	100	100	US dollar
Papa Murphy's Holdings Inc.	100	100	US dollar
BBQ Holdings, Inc.	100	100	US dollar
Wetzel's Pretzels, LLC	100	100	US dollar

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote-holders;
- potential voting rights held by the Company, other vote-holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the statements of income and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies.

All intercompany transactions, balances, revenue and expenses are eliminated in full on consolidation.

Functional and presentation currency

These financial statements are presented using the Company's functional currency, which is the Canadian dollar. Each entity of the Company determines its own functional currency, and the financial statement items of each entity are measured using that functional currency. Functional currency is the currency of the primary economic environment in which the entity operates.

2. Basis of preparation (continued)*Functional and presentation currency (continued)*

The assets and liabilities of a foreign operation with a functional currency different from that of the Company are translated into the presentation currency using the exchange rate in effect on the reporting date. Revenue and expenses are translated into the presentation currency using the average exchange rate for the period. Exchange differences arising from the translation of a foreign operation are recognized in reserves. Upon complete or partial disposal of the investment in the foreign operation, the foreign currency translation reserve or a portion of it will be recognized in the statement of income in other income (charges).

3. Material accounting policies*Revenue recognition*

The Company's accounting policies are summarized below:

Revenue from franchise locations

- i) Royalties are based either on a percentage of gross sales as reported by the franchisees or on a fixed monthly fee. They are recognized on an accrual basis in accordance with the substance of the relevant agreement, as they are earned.
- ii) Initial franchise fees are recognized on a straight-line basis over the term of the franchise agreement as the performance obligation relating to franchise rights is fulfilled. Amortization begins once the restaurant has opened.
- iii) Upfront fees related to master license agreements are recognized over the term of the master license agreements on a straight-line basis.
- iv) Renewal fees and transfer fees are recognized on a straight-line basis over the term of the related franchise agreement.
- v) Restaurant construction and renovation revenue is recognized when the construction and renovation are completed.
- vi) The Company earns rent revenue on certain leases it holds and sign rental revenue. Rental income that is not included in the measurement of the finance lease receivable under IFRS 16 is recognized on a straight-line basis over the term of the relevant lease.
- vii) The Company recognizes breakage income proportionately as each gift card is redeemed, based on the historical redemption pattern of the gift cards. The Company also charges various program fees to its franchisees as gift cards are redeemed. Notably, this does not apply to gift card liabilities assumed in a business acquisition, which are accounted for at fair value at the acquisition date.
- viii) The Company receives considerations from certain suppliers. Fees are generally earned based on the value of purchases during the year. Agreements that contain an initial upfront fee, in addition to ongoing fees, are recognized on a straight-line basis over the term of the respective agreement. Supplier contributions are recognized as revenue as they are earned and are recorded in other franchising revenue.

Revenue from food processing, distribution and retail

Food processing, distribution and retail revenue is recognized when the customer takes control of the product, which usually occurs upon shipment or receipt of the goods by the customer, depending on the specific terms of the agreement.

Revenue from promotional fund contributions

Promotional fund contributions are based on a percentage of gross sales as reported by the franchisees. Corresponding promotional fund transfers to the promotional funds are reported separately and included in accounts payable and accrued liabilities. The Company is not entitled to retain these promotional fund payments received and is obligated to transfer these funds to be used solely for use in promotional and marketing-related costs for specific restaurant banners. The Company sometimes charges a fee for the administration of the promotional funds. The combined amount payable resulting from the promotional fund reserves amounts to a surplus of \$19,485 (November 30, 2024 – surplus of \$25,421). These amounts are included in Accounts payable and accrued liabilities.

Revenue from corporate-owned locations

Revenue from corporate-owned locations is recorded when goods are delivered to customers.

3. Material accounting policies (continued)*Leasing*

The Company enters into leases for franchised and corporately-owned locations, offices, and equipment in the normal course of business.

The Company as lessee

The Company recognizes lease liabilities with corresponding right-of-use assets, except for short-term leases and leases of low value assets, which are expensed on a straight-line basis over the lease term. The Company recognizes depreciation of right-of-use assets and interest on lease liabilities. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

The Company as lessor

When the Company enters into a sublease arrangement as an intermediate lessor, the Company accounts for the head lease and the sublease as two separate contracts. The Company is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For finance subleases, the Company derecognizes the right-of-use asset relating to the head lease that is transferred to the sublessee and recognizes a finance lease receivable in the sublease. As the intermediate lessor, the Company retains the lease liability on the head lease in its consolidated statement of financial position. During the term of the sublease, the Company recognizes both finance income on the sublease and interest expense on the head lease.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year and adjustments to prior year provisions. Taxable profit differs from profit as reported in the consolidated statement of income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. Material accounting policies (continued)*Deferred Tax (continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their historical costs less accumulated depreciation (buildings) and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, including any costs directly attributable to bringing the asset to a working condition for its intended use.

Equipment, leasehold improvements, rolling stock and computer hardware are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets (other than land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation is based on the following terms:

Buildings	Straight-line	25 to 50 years
Equipment	Straight-line	3 to 10 years
Leasehold improvements	Straight-line	Lesser of the term of the lease or useful life
Rolling stock	Straight-line	5 to 7 years
Computer hardware	Straight-line	3 to 7 years

*Intangible assets**Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses, if applicable. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives and amortization methods are reviewed at the end of each year, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses, if applicable.

3. Material accounting policies (continued)

Intangible assets (continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets having a finite life acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, if applicable, on the same basis as intangible assets that are acquired separately. Intangible assets having an indefinite life are not amortized and are therefore carried at cost less accumulated impairment losses, if applicable.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

The Company reviews each reporting period the amortization periods of its intangible assets with finite useful lives. The Company also reviews each reporting period the useful lives of its intangible assets with indefinite useful lives to determine whether events and circumstances continue to support an indefinite useful life assessment for those assets.

The Company currently carries the following intangible assets on its books:

Franchise rights and master franchise rights

The franchise rights and master franchise rights acquired through business combinations were recognized at fair value, based on the excess earnings method using discounted cash flow models. In determining the fair value of franchise rights and master franchise rights, the Company uses key assumptions such as projected operating cash flows, average term life and pre-tax discount rates. The franchise rights and master franchise rights are generally amortized on a straight-line basis over the terms of the agreements, which typically range between 10 to 20 years.

Trademarks

Trademarks acquired through business combinations were recognized at their fair value at the time of the acquisition, based on the relief from royalty method using discounted cash flow models, and are not amortized. In determining the fair value of trademarks, the Company uses key assumptions such as projected system sales, discount rates and royalty rates. Trademarks were determined to have an indefinite useful life based on their strong brand recognition and their ability to generate revenue through changing economic conditions with no foreseeable time limit.

Other

Included in other intangible assets is primarily purchased software and liquor licences, which are being amortized over their expected useful life on a straight-line basis.

Impairment and reversal of impairment of long-lived assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. A majority of the Company's intangible assets do not have cash inflows independent of those from other assets and as such are tested within their respective CGU. For the purpose of the franchise and master franchise rights and trademarks, the CGU for which a reasonable and consistent allocation basis can be identified is the brand level and constitutes the lowest level at which an asset or group of assets has the possibility of generating cash inflows.

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

3. Material accounting policies (continued)

Intangible assets (continued)

Impairment and reversal of impairment of long-lived assets (continued)

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Franchise rights and master franchise rights are tested annually in connection with the trademarks annual testing at the brand level or whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated projected operating cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of projected operating cash flows (EBITDA) have not been adjusted. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. The Company does not reduce the carrying value of an asset below the highest of its fair value less cost of disposal and its value in use.

At the end of each reporting period, the Company reviews whether there is any indication that the events and circumstances which led to prior years' impairment losses for its franchise rights, master franchise rights and trademarks may no longer exist. If any such indication exists, the Company shall estimate the recoverable amount of that asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Impairment of goodwill

For the purposes of impairment testing, goodwill is allocated to the CGU or a group of CGUs ("goodwill unit") that are considered to represent the lowest level within the group at which the goodwill is monitored for internal management purposes. As of September 1, 2024, the Company reassessed the CGUs based on a strategic realignment and merger of business units in the US. With the change in management team and the overall change in decision making and overall synergies brought from the merger of these units, it was determined that Kahala Brands Inc. and Wetzel's Pretzels, LLC would be merged to create US Goodwill Unit A, and Papa Murphy's and BBQ Holdings Inc. would be merged to create US Goodwill Unit B.

As at November 30, 2024 and 2025, goodwill is allocated as follows:

Goodwill unit description

Canada Goodwill Unit	A group of CGUs comprised of acquired brands in Canada's operating segment
US Goodwill Unit A	A group of CGU units comprised of acquired brands in the US and international operating segment, excluding Papa Murphy's and BBQ Holdings, Inc. ("BBQ Holdings")
US Goodwill Unit B	A group of CGU units comprised of the BBQ Holdings brands and the Papa Murphy's brand in the US and international operating segment

Goodwill and trademarks are tested for impairment annually as at September 1, or more frequently when there is an indicator of impairment. If the recoverable amount of the goodwill unit is less than its carrying amount, the impairment loss reduces the carrying amount of any goodwill allocated to the goodwill unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

3. Material accounting policies (continued)*Intangible assets (continued)**Impairment of goodwill (continued)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated projected operating cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of projected operating cash flows have not been adjusted.

Inventories

Inventories are measured at the lower of cost and net realizable value. Costs of inventories are determined on a first-in-first-out basis and include acquisition costs, conversion costs and other costs incurred to bring inventories to their present location and condition. The cost of finished goods includes a pro-rata share of production overhead based on normal production capacity.

In the normal course of business, the Company enters into contracts for the construction and sale of franchise locations. The related work in progress inventory includes all direct costs relating to the construction of these locations and is recorded at the lower of cost and net realizable value.

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

*Financial instruments**Classification of financial assets*

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss, or "FVTPL") are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in profit or loss.

On initial recognition, the Company classifies its financial assets as subsequently measured at either amortized cost, fair value through other comprehensive income ("FVOCI") or FVTPL, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A financial asset is subsequently measured at amortized cost if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest. Unless a financial asset is designated at FVTPL, a financial asset is subsequently measured at FVOCI if the asset is held within a business model in order to collect contractual cash flows and sell financial assets and the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest. Financial assets that do not meet either the contractual cash flow characteristics of solely payments of principal and interest or the business model of held to collect or held to collect and sell are measured at FVTPL. Financial assets measured at FVTPL and any subsequent changes therein are recognized in net income.

The Company currently classifies its cash, accounts receivable and loans receivable as assets measured at amortized cost.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

3. Material accounting policies (continued)*Financial instruments (continued)**Impairment of financial assets*

The Company uses the simplified expected credit-loss (“ECL”) model for its trade and finance lease receivables, as permitted by IFRS 9. The simplified approach under IFRS 9 permits the use of the lifetime expected loss provision for all trade and finance lease receivables and also incorporates forward-looking information. Lifetime ECL represents the ECL that will result from all probable default events over the expected life of a financial instrument. In order to mitigate this risk the Company has credit policies for potential franchises. The Company also monitors credit risk by performing annual expected credit loss assessments for each aggregated type of brand or type of outstanding accounts receivable based on geography. Historical loss rates combined with forward-looking macro economic factors are then applied to each of the aggregated groups to compute expected credit risk.

For its loans receivable balance carried at amortized cost, the Company has applied the general ECL model. Unlike the simplified approach, the general ECL model depends on whether there has been a significant increase in credit risk. The Company considers the probability of default upon initial recognition of the financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition of the financial asset.

When credit risk is assessed as being low or when there has not been a significant increase in credit risk since initial recognition, the ECL is based on a 12-month ECL which represents the portion of lifetime ECL expected to occur from default events that are possible within 12 months after the reporting date. If a significant increase in credit risk has occurred throughout a reporting period, impairment is based on lifetime ECL.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Classification of financial liabilities

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

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

3. Material accounting policies (continued)

Financial instruments (continued)

Classification of financial liabilities (continued)

Financial liabilities classification:

Accounts payable and accrued liabilities	Amortized cost
Revolving credit facility	Amortized cost
Non-interest-bearing contract cancellation fees and holdbacks	Amortized cost
Non-controlling interest buyback obligation in 9974644 Canada Inc.	FVTPL
Derivative financial instruments	FVTPL
Derivative financial instruments designated as cash flow hedges	FVTPL subject to hedge accounting requirements

Hedging and derivative financial instruments

The Company applies general hedge accounting requirements of IFRS 9, Financial Instruments on the designated financial instruments.

Fixed interest rate swaps

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

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The Company makes assumptions and estimations based on its current knowledge of future disbursements it will have to make in connection with various events that have occurred in the past and for which the amount to be disbursed and the timing of such disbursement are uncertain at the date of producing its financial statements. This includes provisions for onerous contracts, litigations and disputes and contingencies. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value when the effect is material. This is recorded in Cost of goods sold and rent (Note 26) on the consolidated statement of income.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Litigation, disputes and closed stores

Provisions for the expected cost of litigation, disputes and the cost of settling leases for closed stores, with the exception of lease liabilities already recorded pursuant to IFRS 16, are recognized when it becomes probable the Company will be required to settle the obligation, at management's best estimate of the expenditure required to settle the Company's obligation.

3. Material accounting policies (continued)*Provisions (continued)*

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 and the amount initially recognized less cumulative amortization recognized, if any.

Gift card and loyalty program liabilities

Gift card liability represents liabilities related to unused balances on reloadable payment cards. Loyalty program liabilities represent the dollar value of the loyalty points earned and unused by customers.

The Company's various franchised and corporate-owned locations, in addition to third-party companies, sell gift cards to be redeemed at the Company's corporate and franchised locations for food and beverages only. Proceeds from the sale of gift cards are included in gift card liability until redeemed by the gift cardholder as a method of payment for food and beverage purchases.

Due to the inherent nature of gift cards, it is not possible for the Company to determine what portion of the gift card liability will be redeemed in the next 12 months and, therefore, the entire unredeemed gift card liability is considered to be a current liability.

Management is required to make certain assumptions in both the prorated recognition based on redemption pattern and remoteness recognition of gift card breakage (Note 16). The significant estimate is the breakage rate on redemption patterns.

Deferred revenue and deposits

The Company has deferred revenue and deposits for amounts received for which the service or sale of goods associated with these revenues have not yet been rendered. These are comprised mainly of franchise fee deposits, unearned rent, and supplier contributions. Revenues on these are recorded once the service or contract terms have been met and the services or goods have been delivered. The Company recognizes certain supplier contribution revenues based on estimated considerations to be received from suppliers. These estimates are based on historical patterns of purchase and earned revenues.

Net income per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by
- the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Operating segments

An operating segment is a distinguishable component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Company's other components, and for which separate financial information is available. Segment disclosures are provided for the Company's operating segments (Note 29). The operating segments are determined based on the Company's management and internal reporting structure. All operating segments' operating results are regularly reviewed by the Chief Operating Officers ("COOs") to make decisions on resources to be allocated to the segment and to assess its performance.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgments and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Impairment of long-lived assets

The Company assesses whether there are any indicators of impairment for all long-lived assets at each reporting period date. In addition, management is required to use judgment in determining the grouping of assets to identify a CGU; the determination is done based on management's best estimation of what constitutes the lowest level at which an asset or group of assets has the possibility of generating cash inflows.

Impairment of property, plant and equipment and right-of-use assets

The Company performs an impairment test of its property, plant and equipment and right-of-use assets when there is an indicator of impairment. The recoverable amounts of the Company's corporate store assets are generally estimated based on fair value less cost of disposal as this was determined to be higher than their value in use. The fair value less cost of disposal of corporate stores is generally determined by estimating the liquidation value of the restaurant equipment and any costs associated with exiting the lease.

Impairment of property, plant and equipment and right-of-use assets

During the years ended November 30, 2025 and 2024 the Company recognized impairment charges on its property, plant and equipment (Note 14). The total impairment on property, plant and equipment of \$5,273 (2024 – \$10,131) represents a write-down of the carrying value of the leasehold improvements, equipment, computer hardware, and rolling stock to their fair value less cost of disposal, which was higher than their value in use.

During the years ended November 30, 2025 and 2024, the Company also recognized impairment reversals (charges) on its right-of-use assets (Note 10) of \$535 and \$(1,259), respectively.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the year ended November 30, 2025, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of long-lived assets

The Company uses judgment in determining the grouping of assets to identify its CGUs for purposes of testing for impairment of goodwill, trademarks and franchise rights.

In testing for impairment, goodwill acquired in a business combination is allocated to the CGUs that are expected to benefit from the synergies of the business combination. In testing for impairment, trademarks and franchise rights are allocated to the CGUs to which they relate. Furthermore, at each reporting period, judgment is used in determining whether there has been an indication of impairment, which would require the completion of a quarterly impairment test, in addition to the annual requirement.

Impairment of franchise rights and trademarks

The Company performs at least annually an impairment test of its trademarks. Management estimates the recoverable amount of the CGUs based on value in use calculations using a discounted cash flow model as this was determined to be higher than fair value less cost of disposal.

Discount rates are based on pre-tax rates that reflect the current market assessments, taking the time value of money and the risks specific to the CGU into account.

4. Critical accounting judgments and key sources of estimation uncertainty (continued)

Impairment of franchise rights and trademarks (continued)

During the years ended November 30, 2025 and 2024, the Company recognized impairment charges of \$9,594 and \$22,292, respectively, on its franchise rights, trademarks, and other intangibles (Note 12) representing a write-down of the carrying value to the recoverable amount. The recoverable amount was determined using key assumptions such as discount rates, and projected operating cash flows (Earnings before income tax, depreciation and amortization "EBITDA"). The fair value is classified as level 3 in the fair value hierarchy.

These calculations take into account the Company's best estimate of projected operating cash flows. Projected operating cash flows are estimated based on a multiyear extrapolation of the most recent historical actual results or budgets and a terminal value calculated by discounting the final year in perpetuity.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the goodwill unit to which goodwill has been allocated. The value in use calculation requires management to estimate the projected operating cash flows expected to arise from the goodwill unit and a suitable discount rate in order to calculate present value.

During the year ended November 30, 2025, the Company did not recognize any impairment charges on its goodwill (Note 13). During the year ended November 30, 2024, the Company recognized \$40,524 of impairment charges on its goodwill (Note 13).

5. Changes in accounting policies**IAS 1, Presentation of Financial Statements**

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

IFRS 16, Leases

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

IAS12, Income Taxes

The amendments to IAS 12 were adopted effective December 1, 2024 and resulted in no significant adjustment.

6. 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 year ended November 30, 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

6. Future accounting changes (continued)**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.

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.

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

7. Accounts receivable

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

	2025	2024
	\$	\$
Total accounts receivable	99,137	89,297
Less: Allowance for credit losses	7,081	8,057
Total accounts receivable, net	92,056	81,240
Of which:		
Not past due	68,374	64,045
Past due for more than one day but no more than 30 days	4,115	4,439
Past due for more than 31 days but no more than 60 days	4,183	2,097
Past due for more than 61 days	15,384	10,659
Total accounts receivable, net	92,056	81,240

	2025	2024
	\$	\$
Allowance for credit losses, beginning of year	8,057	8,863
(Decrease) increase to current year provision	(143)	230
Reversal of amounts previously written off	42	65
Write-offs	(870)	(1,375)
Impact of foreign exchange	(5)	274
Allowance for credit losses, end of year	7,081	8,057

8. Inventories

	2025	2024
	\$	\$
Raw materials	2,958	2,257
Work in progress	318	1,661
Finished goods and supplies	8,346	7,740
Food and beverage	5,896	8,344
Total inventories	17,518	20,002

Inventories are presented net of a nil allowance for obsolescence (November 30, 2024 – \$26). All of the inventories are expected to be sold within the next 12 months.

Inventories expensed during the year ended November 30, 2025 were \$277,930 (2024 – \$259,532).

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

9. 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 10), 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 10).

During the year ended November 30, 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 consolidated financial statements. The impairment recognized on reclassification was subsequently reversed, as described in Note 14 and depreciation on these assets has resumed in accordance with applicable accounting standards.

This reclassification led to a reversal of right-of-use assets and lease liability of \$1,282 and \$2,598, respectively, and a reversal of an impairment charge of \$1,485 to intangible assets and \$1,083 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 year ended November 30, 2025, the Company designated one Company-owned store related to one casual dining brand 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 10). 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 a reclassification from right-of-use-assets and lease liability of \$423 and \$465 (2024 - nil) to held for sale asset and liability respectively. The total carrying amount reclassified as held for sale is comprised of assets of \$1,125 (2024 - \$4,365) and liabilities of \$616 (2024 - \$2,964) resulting in a net amount of \$509 (2024 - \$1,401).

10. Leases

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

Leases and subleases typically have terms ranging between five and 10 years at inception. The Company has options to purchase the premises on some of its leases.

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

10. Leases (continued)

Right-of-use assets

The following table provides the net carrying amounts of the right-of-use assets by class of underlying asset and the changes in the years ended November 30, 2025 and 2024:

	Offices, corporate and dark stores	Store locations subject to operating subleases	Other	Total
	\$	\$	\$	\$
Balance as at November 30, 2023	170,390	10,447	881	181,718
Additions	25,251	—	121	25,372
Reclassified to assets held for sale (Note 9)	(1,278)	—	—	(1,278)
Depreciation expense	(35,228)	(1,068)	(410)	(36,706)
Impairment charge	(1,259)	—	—	(1,259)
De-recognition/lease modification of lease liabilities	15,260	(2,791)	(56)	12,413
Foreign exchange	4,826	72	10	4,908
Balance as at November 30, 2024	177,962	6,660	546	185,168
Additions	8,869	—	276	9,145
Reclassified from assets held for sale (Note 9)	859	—	—	859
Depreciation expense	(35,654)	(640)	(288)	(36,582)
Impairment net of charge and reversal	535	—	—	535
De-recognition/lease modification of lease liabilities	5,505	(1,742)	(53)	3,710
Foreign exchange	(57)	36	1	(20)
Balance as at November 30, 2025	158,019	4,314	482	162,815

Finance lease receivables

The following table provides the carrying amount of the finance lease receivables and the changes in the years ended November 30, 2025 and 2024:

	2025	2024
	\$	\$
Finance lease receivables, beginning of year	307,804	333,706
Additions	45,852	17,126
Lease renewals and modifications	52,316	46,505
Lease terminations	(10,899)	(12,148)
Other adjustments	2,574	(255)
Interest income	13,347	12,646
Receipts	(94,614)	(92,972)
Foreign exchange	(375)	3,196
Finance lease receivables, end of year	316,005	307,804

Recorded in the consolidated statements of financial position as follows:

	2025	2024
	\$	\$
Current portion	74,693	76,152
Long-term portion	241,312	231,652
November 30, 2025	316,005	307,804

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

For the years ended November 30, 2025 and 2024

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

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

The following table provides the carrying amount of the lease liabilities and the changes in the years ended November 30, 2025 and 2024:

	2025	2024
	\$	\$
Lease liabilities, beginning of year	515,138	535,197
Additions	36,347	27,572
Reclassified from (to) assets held for sale (Note 9)	2,133	(2,589)
Lease renewals and modifications	73,213	68,989
Lease terminations	(10,704)	(7,824)
Other adjustments	(814)	(1,770)
Interest expense	24,234	23,851
Payments	(140,278)	(136,787)
Foreign exchange	(432)	8,499
Lease liabilities, end of year	498,837	515,138

Recorded in the consolidated statements of financial position as follows:

	2025	2024
	\$	\$
Current portion	106,472	110,910
Long-term portion	392,365	404,228
November 30, 2025	498,837	515,138

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

10. Leases (continued)

Maturity analysis

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid or received after November 30, 2025:

	Lease liabilities	Finance lease receivables	Operating subleases
	\$	\$	\$
2026	128,494	87,600	610
2027	110,204	73,224	402
2028	90,340	58,175	257
2029	70,177	43,171	235
2030	51,123	29,983	—
Thereafter	121,653	63,857	—
Total undiscounted lease payments	571,991	356,010	1,504
Gross investment in the lease	—	356,010	—
Less: Unearned finance income	—	(38,923)	—
Present value of minimum lease payment receivables	—	317,087	—
Allowance for credit losses	—	(1,082)	—
Current portion of finance lease receivables	—	(74,693)	—
Finance lease receivables	—	241,312	—

The Company has recognized net rent expense of \$22,013 (2024 – \$21,744) related to its short-term leases, leases of low-value assets, and variable lease payments.

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

11. Property, plant and equipment

Cost	Leasehold improvements						Total
	Land	Buildings	improvements	Equipment	Computer hardware	Rolling stock	
	\$	\$	\$	\$	\$	\$	\$
Balance as at November 30, 2023	7,336	9,468	65,439	57,351	10,087	491	150,172
Additions	—	403	10,276	11,620	2,333	55	24,687
Reclassified as assets held for sale (Note 9)	—	—	(463)	(673)	(32)	—	(1,168)
Disposals	—	(123)	(2,157)	(4,332)	(1,695)	(199)	(8,506)
Impairment (Note 14)	—	—	(6,257)	(3,524)	(340)	(10)	(10,131)
Foreign exchange	138	141	1,770	1,363	241	1	3,654
Balance as at November 30, 2024	7,474	9,889	68,608	61,805	10,594	338	158,708
Additions	—	918	4,191	7,523	803	70	13,505
Reclassified (from) to assets held for sale (Note 9)	—	—	(85)	111	11	—	37
Disposals	(74)	(123)	(9,941)	(4,600)	(1,618)	(8)	(16,364)
Impairment (Note 14)	—	—	(4,027)	(1,246)	—	—	(5,273)
Foreign exchange	(10)	(28)	(160)	(155)	9	—	(344)
Balance as at November 30, 2025	7,390	10,656	58,586	63,438	9,799	400	150,269

Accumulated depreciation	Leasehold improvements						Total
	Land	Buildings	improvements	Equipment	Computer hardware	Rolling stock	
	\$	\$	\$	\$	\$	\$	\$
Balance as at November 30, 2023	—	2,141	14,469	14,824	5,615	322	37,371
Eliminated on disposal of assets	—	(123)	(1,497)	(3,145)	(1,664)	(179)	(6,608)
Foreign exchange	—	14	692	356	79	—	1,141
Depreciation expense	—	463	13,365	8,061	1,298	56	23,243
Reclassified as assets held for sale (Note 9)	—	—	(141)	(204)	(10)	—	(355)
Balance as at November 30, 2024	—	2,495	26,888	19,892	5,318	199	54,792
Eliminated on disposal of assets	—	(78)	(5,408)	(2,576)	(321)	(8)	(8,391)
Foreign exchange	—	(3)	(74)	(33)	(5)	—	(115)
Depreciation expense	—	332	14,013	5,287	2,840	36	22,508
Reclassified (from) to assets held for sale (Note 9)	—	—	(74)	(118)	5	—	(187)
Balance as at November 30, 2025	—	2,746	35,345	22,452	7,837	227	68,607

Carrying amounts	Leasehold improvements						Total
	Land	Buildings	improvements	Equipment	Computer hardware	Rolling stock	
	\$	\$	\$	\$	\$	\$	\$
November 30, 2024	7,474	7,394	41,720	41,913	5,276	139	103,916
November 30, 2025	7,390	7,910	23,241	40,986	1,962	173	81,662

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

12. Intangible assets

Cost	Franchise and master franchise rights	Trademarks	Customer lists	Other ⁽¹⁾	Total
	\$	\$	\$	\$	\$
Balance as at November 30, 2023	434,987	892,841	13,698	17,613	1,359,139
Additions	379	—	—	2,660	3,039
Reclassified as assets held for sale (Note 9)	—	(1,751)	—	(245)	(1,996)
Disposals	—	—	—	(314)	(314)
Foreign exchange	9,149	20,608	—	285	30,042
Impairment (Note 14)	(2,284)	(19,747)	—	(261)	(22,292)
Balance as at November 30, 2024	442,231	891,951	13,698	19,738	1,367,618
Additions	—	—	—	2,039	2,039
Reclassified from assets held for sale (Note 9)	—	1,757	—	246	2,003
Disposals	—	—	—	2	2
Foreign exchange	(665)	(1,500)	—	(21)	(2,186)
Impairment (Note 14)	(693)	(6,838)	—	(2,063)	(9,594)
Balance as at November 30, 2025	440,873	885,370	13,698	19,941	1,359,882

Accumulated amortization	Franchise and master franchise rights	Trademarks	Customer lists	Other ⁽¹⁾	Total
	\$	\$	\$	\$	\$
Balance as at November 30, 2023	229,369	—	4,388	8,805	242,562
Foreign exchange	4,750	—	—	122	4,872
Amortization	29,174	—	968	1,728	31,870
Balance as at November 30, 2024	263,293	—	5,356	10,655	279,304
Disposals	—	—	—	(4)	(4)
Foreign exchange	(415)	—	—	(12)	(427)
Amortization	29,922	—	689	2,073	32,684
Balance as at November 30, 2025	292,800	—	6,045	12,712	311,557

Carrying amounts	Franchise and master franchise rights	Trademarks	Customer lists	Other ⁽¹⁾	Total
	\$	\$	\$	\$	\$
November 30, 2024	178,938	891,951	8,342	9,083	1,088,314
November 30, 2025	148,073	885,370	7,653	7,229	1,048,325

⁽¹⁾ Other items include \$2,008 (November 30, 2024 - \$2,372) of licenses with an indefinite term that are not amortized.

Indefinite life intangible assets consist of trademarks and perpetual licenses, where each brand represents a separate CGU for impairment testing, for 68 CGUs (November 30, 2024 – 68 CGUs) totaling \$887,378 (November 30, 2024 – \$894,323).

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

13. Goodwill

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

	2025	2024
	\$	\$
Goodwill, beginning of year	803,586	785,268
Foreign exchange	(1,326)	18,318
Goodwill, end of year	802,260	803,586
Accumulated impairment, beginning of year	109,751	66,081
Impairment (Note 14)	—	40,524
Foreign exchange	(243)	3,146
Accumulated impairment, end of year	109,508	109,751
Carrying amount	692,752	693,835

As at November 30, 2025, goodwill was allocated to three (November 30, 2024 – three) goodwill units. As of September 1, 2024, the Company reassessed the CGUs based on a strategic realignment and merger of business units in the US. Prior to the strategic realignment, a triggering event occurred for the CGU, which includes the Papa Murphy's brand. As a result, an impairment test was conducted, leading to a goodwill impairment of \$40,524. There was no impact on the consolidated statement of financial position at as November 30, 2025. Goodwill units are as follows:

	2025	2024
	\$	\$
Canada Goodwill Unit	204,327	204,327
US Goodwill Unit A ⁽¹⁾	291,782	292,423
US Goodwill Unit B ⁽¹⁾	196,643	197,085
	692,752	693,835

⁽¹⁾ Variance from prior year due foreign exchange conversion.

14. Impairment charge

The Company performed its annual impairment test as at September 1, 2025. For eight (seven and one brands in the Canada and US & International geographical segments, respectively) of its brands (2024 – twelve brands; seven and five brands in the Canada and US & International geographical segments, respectively), an impairment charge on intangible assets was required in the amount of \$9,594 (2024 – \$22,292). Included in this amount is a reversal of impairment of \$1,485, which was taken in 2024. This reversal was due to the reclassification of an asset held for sale no longer meeting the definition (Note 9).

As of September 1, 2024, the Company reassessed the reporting unit based on a strategic realignment and merger of business units in the US. The goodwill impairment for the reporting unit comprised of Papa Murphy's brand was subject to an impairment test prior to the strategic realignment and this resulted in an impairment of goodwill of nil (2024 – \$40,524).

Additionally, the Company recorded \$5,273 (2024 – \$10,131) of impairment losses on its property, plant and equipment, for a total of \$14,867 (2024 – \$72,947) of impairment charges on its property, plant and equipment, intangible assets and goodwill for the year ended November 30, 2025, which have been recognized in the consolidated statements of income. Included in the property, plant and equipment impairment of \$5,273 is an impairment of nil (2024 – \$689) due to the reclassification to assets held for sale (Note 9).

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 consolidated financial statements**

For the years ended November 30, 2025 and 2024

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

14. Impairment charge (continued)

Impairment by geographical segment for the year ended November 30, 2025:

	Property, plant and equipment	Intangible assets			Total
		Franchise rights	Trademarks	Other	
	\$	\$	\$	\$	\$
Canada	—	211	6,886	2,218	9,315
US & International	5,273	482	1,437	(155)	7,037
Impairment charge	5,273	693	8,323	2,063	16,352
US & International	—	—	(1,485)	—	(1,485)
Reversal of impairment charge	—	—	(1,485)	—	(1,485)
Net impairment charge	5,273	693	6,838	2,063	14,867

Impairment by geographical segment for the year ended November 30, 2024:

	Property, plant and equipment	Intangible assets				Total
		Franchise rights	Trademarks	Other	Goodwill	
	\$	\$	\$	\$	\$	\$
Canada	1,439	386	11,295	—	—	13,120
US & International	8,692	1,898	8,452	261	40,524	59,827
Impairment charge	10,131	2,284	19,747	261	40,524	72,947

The key assumptions used, where the recoverable amount was measured as a goodwill unit's value in use, are those related to projected operating cash flows (EBITDA), as well as the discount rates. The operating cash flows were forecasted based on the fiscal year's actual operating results and internal forecasts for the four subsequent years for certain inputs, which were prepared by management and developed from the budgeted operating results.

The cash flows are based on expectations of market growth, industry reports and trends, and past performance. Cash flows subsequent to the five-year period were extrapolated using a terminal value growth rate ranging from 0% to 2%, which is consistent with forecasts included in industry reports specific to the industry and the inflation target rate of Canada and United States, in which each CGU operates. The discount rates used to calculate the recoverable amounts reflect each CGUs' specific risks and market conditions, including the market view of risk for each CGU, and range from 9.0% to 10%.

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

14. Impairment charge (continued)

The following table presents the key assumptions used in the Company's impairment tests, as well as the recoverable amounts measured at value in use as at September 1, 2025 and 2024:

(\$, except percentage data)	2025			2024		
	Canada Goodwill Unit	US Goodwill Unit A	US Goodwill Unit B	Canada Goodwill Unit	US Goodwill Unit A	US Goodwill Unit B
Discount rates after tax	8.8%	9.5%	9.5%	9.3%	10.0%	10.0%
Discount rates pre-tax	11.3%	12.1%	12.5%	11.9%	12.7%	13.0%
Recoverable amounts	877,720	1,204,645	733,008	978,520	1,186,703	819,022

During the year ended November 30, 2024, the Company combined its US Goodwill Units, consolidating the four units from 2023 into two. Specifically, US Goodwill Units A and D from 2023 were combined into US Goodwill Unit A in 2024, while US Goodwill Units B and C were merged into US Goodwill Unit B. This combination was carried out in accordance with IAS 36 to ensure that goodwill is allocated in a manner that more accurately reflects the Company's CGUs. The revised CGU structure enhances alignment with how the Company monitors and manages its operations, providing a more faithful representation of its business activities and financial performance as of November 30, 2024.

Long-term growth rates ranging from 0% to 2% (2024– 0% to 2%) were used in the impairment test for the Canada Goodwill Unit. A change of 100 basis points in discount rates in the Canada Goodwill Unit would result in additional impairment charges on intangible assets of five brands (2024 – four brands) representing 0.2% (2024 – 0.5%) of the total carrying value of the franchise rights and trademarks in that goodwill unit. A change of 100 basis points in discount rates in the Canada Goodwill Unit would not result in impairment charges on goodwill for the years ended November 30, 2025 and 2024. For the Canada Goodwill Unit, an increase of 757 basis points (2024 – 910 basis points) in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

Long-term growth rates ranging from 0% to 2% (2024 – 0% to 2%) were used in the impairment test for Reporting Unit A. A change of 100 basis points in discount rates in Reporting Unit A would result in additional impairment charges on intangible assets of one brand (2024 – four brands) representing 0.4% (2024 – 0.5%) of the total carrying value of the franchise rights and trademarks in that unit. A change of 100 basis points in discount rates in Reporting Unit A would not result in impairment charges on goodwill for the years ended November 30, 2025 and 2024. For Reporting Unit A, an increase of 443 basis points in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

Long-term growth rates of 0% to 2% (2024 – 2%) were used in the impairment test for Reporting Unit B. A change of 100 basis points in discount rates in Reporting Unit B would result in additional impairment charges on intangible assets of one brand (2024 – one brand) representing 0.9% (2024 – 0.1%) of the total carrying value of the franchise rights and trademarks in that unit. A change of 100 basis points in discount rates in Reporting Unit B would result in additional impairment charges of \$25,520 on goodwill (2024 - nil). For Reporting Unit B, an increase of 54 basis points in the discount rate would have resulted in its recoverable amount being equal to its carrying value.

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

15. Provisions

The provisions recorded on the Company's consolidated statements of financial position are related to litigations, disputes and other contingencies, representing management's best estimate of the outcome of litigations and disputes that are ongoing at the date of the statement of financial position, as well as self-insured liabilities related to health and workers' compensation and general liability claims. These provisions are made of multiple items; the timing of the settlement of these provisions is unknown given their nature, as the Company does not control the litigation timelines.

The provisions also varied in part due to foreign exchange fluctuations related to the US subsidiaries.

	2025	2024
	\$	\$
Provision for litigations, disputes and closed stores, beginning balance	3,866	4,656
Reversals	(411)	(1,267)
Amounts used	(14,780)	(12,693)
Additions	15,280	13,050
Impact of foreign exchange	(33)	120
Provision for litigations, disputes and closed stores, ending balance	3,922	3,866

16. Gift card and loyalty program liabilities

The changes in the carrying amount of the gift card liability are as follows:

	2025	2024
	\$	\$
Gift card liability, beginning of year	157,534	147,952
Activations during the year	94,791	89,652
Redemptions during the year	(76,067)	(73,606)
Deferred program fees and other	(1,400)	(448)
Gift card breakage recorded	(38,376)	(8,775)
Impact of foreign exchange	5,754	2,759
Gift card liability, end of year	142,236	157,534

During the year, the Company revised the estimates for its gift card breakage based on changed redemption patterns. This change in estimate resulted in an increase of gift card breakage of \$29,534.

17. Deferred revenue and deposits

	2025	2024
	\$	\$
Franchise fee deposits	71,682	70,223
Unearned rent, advances for restaurant construction and renovation	1,882	1,506
Supplier contributions and other allowances	1,328	1,758
	74,892	73,487
Less: Current portion	(14,868)	(15,827)
	60,024	57,660

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

17. Deferred revenue and deposits (continued)

Deferred revenues consist mostly of initial, transfer and renewal franchise fees paid by franchisees, as well as upfront fees paid by master franchisees, which are generally recognized on a straight-line basis over the term of the related agreement. Deferred revenues also include amounts paid in advance for royalties, restaurant construction and renovation, as well as upfront fees received from agreements with suppliers, which are amortized over the term of the related agreement.

There were no significant changes to contract liabilities during the year.

\$13,788 (2024 – \$17,371) of revenue recognized in the current year was included in the deferred revenue balance at the beginning of the year.

The following table provides estimated revenues expected to be recognized in future years related to performance obligations that are unsatisfied as at November 30, 2025:

Estimate for fiscal year:	\$
2026	14,868
2027	10,340
2028	8,248
2029	6,827
2030	5,349
Thereafter	29,260
	<u>74,892</u>

18. Long-term debt

	November 30, 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⁾	—	2,142
Revolving credit facility payable to a syndicate of lenders ⁽²⁾	633,767	704,578
Credit facility financing costs	(1,595)	(1,667)
	<u>632,172</u>	<u>706,605</u>
Less: Current portion	—	(2,464)
	<u>632,172</u>	<u>704,141</u>

⁽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 November 25, 2028 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 November 30, 2025, the Company had drawn CAD\$250,000 and US\$275,000 (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.

During the year ended November 30, 2025, the Company modified its existing credit facility payable to a syndicate of lenders. The modification resulted in an extension of three years with a new maturity date of November 25, 2028.

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

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

As at November 30, 2025, the Company was in compliance with its financial covenants.

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

19. Capital stock

Authorized, unlimited number of common shares without nominal or par value:	2025		2024	
	Number	Amount \$	Number	Amount \$
Balance, beginning of year	23,425,761	290,593	24,332,661	301,779
Shares repurchased and cancelled	(584,400)	(7,310)	(906,900)	(11,186)
Balance, end of year	22,841,361	283,283	23,425,761	290,593

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 year ended November 30, 2025, the Company repurchased and cancelled a total of 584,400 common shares (2024 – 906,900), under the current NCIB, at a weighted average price of \$44.78 per common share (2024 – \$46.36), for a total consideration of \$27,740 (2024 – \$41,815). An excess of \$20,430 (2024 – \$30,629) of the shares' repurchase value over their carrying amount was charged to retained earnings as share repurchase premiums. The year ended November 30, 2025 also includes \$1,343 of taxes related to share repurchases made during the period from January 1, 2024 to May 16, 2025, which will be paid in the subsequent fiscal year.

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

20. Accumulated other comprehensive income

The following table provides the net carrying amounts of Accumulated other comprehensive (loss) income by category and the changes in the years ended November 30, 2025 and 2024.

	Translation adjustments	Cash flow hedges	Deferred tax expense on foreign currency translation adjustments and cash flow hedges	Total
	\$	\$	\$	\$
Balance as at November 30, 2023	21,087	6,316	(1,933)	25,470
Unrealized gain on translation of foreign operations	37,708	—	—	37,708
Change in fair value of financial instruments	—	3,285	—	3,285
Gain realized on financial instruments transferred to earnings	—	(4,497)	—	(4,497)
Deferred tax expense on foreign currency translation adjustments and cash flow hedges	—	—	(2,261)	(2,261)
Balance as at November 30, 2024	58,795	5,104	(4,194)	59,705
Unrealized loss on translation of foreign operations	(3,865)	—	—	(3,865)
Change in fair value of financial instruments	—	(1,507)	—	(1,507)
Gain realized on financial instruments transferred to earnings	—	(3,691)	—	(3,691)
Deferred tax recovery on foreign currency translation adjustments and cash flow hedges	—	—	961	961
Balance as at November 30, 2025	54,930	(94)	(3,233)	51,603

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

21. Stock options

The Company offered for the benefit of certain key members of management and directors a stock option plan. In accordance with the terms of the plan the Company may grant stock options on the common shares at the discretion of the Board of Directors. 75,000 shares are available for issuance under the stock option plan as at November 30, 2025 (November 30, 2024 – 100,000).

Under the stock option plan of the Company, the following options were granted and are outstanding as at November 30, 2025 and 2024:

	2025		2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding, beginning of year	400,000	50.86	440,000	50.97
Cancelled/Expired	(40,000)	58.78	(40,000)	52.01
Granted	65,000	45.55	—	—
Outstanding, end of year	425,000	49.30	400,000	50.86
Vested, end of year	353,887	50.32	333,332	52.37

As at November 30, 2025, the range of exercise prices and the weighted average remaining contractual life of options are as follows:

Range of exercise prices	Number outstanding	Number exercisable	Weighted average remaining contractual life
\$			(years)
48.36	200,000	155,554	1.3
52.01	160,000	160,000	3.8
45.20	40,000	13,333	2.2
41.86	25,000	25,000	1.4
	425,000	353,887	2.1

As at November 30, 2024, the range of exercise prices and the weighted average remaining contractual life of options were as follows:

Range of exercise prices	Number outstanding	Number exercisable	Weighted average remaining contractual life
\$			(years)
48.36	200,000	133,332	2.4
52.01	160,000	—	4.9
58.78	40,000	26,666	0.1
	400,000	159,998	3.1

During the year ended November 30, 2025, 65,000 options were granted (2024 - nil), The fair value of these options was determined using the Black-Scholes option pricing model.

A compensation expense of \$417 was recorded for the year ended November 30, 2025 (2024 – \$646). The expense is presented in Wages and benefits in Operating expenses in the consolidated statements of income.

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

22. 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:

	2025	2024
Weighted daily average number of common shares – basic and diluted	22,987,616	23,977,313

(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 year ended November 30, 2025 was 425,000 (2024 – 400,000).

23. 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 October 30, 2025, the Company entered into one floating to floating 3-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 \$656 was recorded as at November 30, 2025 (November 30, 2024 – derivative asset of \$3,071) in the current portion of derivative liabilities (November 30, 2024 - current portion of derivative assets) in the consolidated statements of financial position. The Company has classified this as level 2 in the fair value hierarchy.

	November 30, 2025	November 30, 2024
	3-month	3-month
Receive – Notional	US\$178,508	US\$190,000
Receive – Rate	5.72%	6.51%
Pay – Notional	CA\$250,000	CA\$262,000
Pay – Rate	3.96%	5.43%

23. 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 consolidated statement of comprehensive income for the year ended November 30, 2025 (2024 – fair value remeasurement gain of \$246). 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 consolidated statement of income until the termination of the hedged item on April 10, 2026. For the year ended November 30, 2025, the Company recorded a gain of \$3,579 in the Company's consolidated statement of income related to this amortization (2024 – gain of \$1,690).

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 November 30, 2025 (November 30, 2024 – \$499). The Company has classified this as level 2 in the fair value hierarchy. A fair value remeasurement loss of \$495 was recorded in the Company's consolidated statement of income for the year ended November 30, 2025 (2024 – fair value remeasurement loss of \$774).

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 \$82 was recorded as at November 30, 2025 (November 30, 2024 – \$39). The Company has classified this as level 2 in the fair value hierarchy. A fair value remeasurement gain of \$47 was recorded in the Company's consolidated statement of income for the year ended November 30, 2025 (2024 – fair value remeasurement gain of \$32).

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 \$933 was recorded as at November 30, 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 \$1,072 was recorded in the Company's consolidated statement of comprehensive income for the year ended November 30, 2025 (2024 – fair value remeasurement gain of \$143).

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 \$459 was recorded as at November 30, 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 \$547 was recorded in the Company's consolidated statement of comprehensive income for the year ended November 30, 2025 (2024 – fair value remeasurement gain of \$99).

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 \$36 was recorded as at November 30, 2025. The Company has classified this as level 2 in the fair value hierarchy. A fair value gain of \$36 was recorded in the Company's consolidated statement of income for the year ended November 30, 2025.

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

23. Financial instruments (continued)

Fair value of recognized financial instruments (continued)

The swaps were recorded in the consolidated statements of financial position as at November 30, 2025 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	—	36	70	—	—	106
Long-term portion of derivative assets	—	—	12	—	—	12
Total derivative assets	—	36	82	—	—	118
Current portion of derivative liabilities	(656)	—	—	(509)	(250)	(1,415)
Long-term portion of derivative liabilities	—	—	—	(424)	(209)	(633)
Total derivative liabilities	(656)	—	—	(933)	(459)	(2,048)

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	2024
	\$	\$
Financial liabilities classified as level 3 as at the beginning of the year	2,142	10,067
Repayment of contingent consideration	(2,365)	(6,304)
Revaluation of financial liabilities recorded at fair value	223	(121)
Reclass to holdback	—	(1,500)
Financial liabilities classified as level 3 as at the end of the year	—	2,142

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

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

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

23. Financial instruments (continued)

Fair value hierarchy (continued)

The table below shows the fair value and the carrying amount of other financial instruments as at November 30, 2025 and November 30, 2024.

	2025		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Financial assets				
Loans and other receivables	5,896	5,896	3,994	3,994
Finance lease receivables	316,005	316,005	307,804	307,804
Financial liabilities				
Long-term debt ⁽¹⁾	633,767	633,767	706,130	706,130

⁽¹⁾ Excludes credit facility financing costs and non-controlling interest option in 9974644 Canada Inc.

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.

The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of risks as at November 30, 2025.

Credit risk

The Company's credit risk is primarily attributable to its trade receivables and finance lease receivables. The amounts disclosed in the consolidated statement of financial position represent the maximum exposure to credit risk for each respective financial asset as at the relevant dates. In order to mitigate this risk the Company has credit policies for potential franchisees. The Company also monitors credit risk by performing annual expected credit loss assessments for each aggregated type of brand or type of outstanding accounts receivable based on geography. Historical loss rates combined with forward-looking macro economic factors are then applied to each of the aggregated groups to compute expected credit risk. The Company believes that the credit risk of accounts receivable and finance lease receivables is limited as other than receivables from international locations, the Company's broad client base is spread mostly across Canada and the US, which limits the concentration of credit risk.

The credit risk of the Company's loans and other receivables is similar to that of its accounts receivable and finance lease receivables.

Foreign exchange risk

Foreign exchange risk is the Company's exposure to decreases or increases in financial instrument values cause by fluctuations in exchange rates. The Company's exposure to foreign exchange risk mainly comes from sales denominated in foreign currencies. The Company's US and foreign operations use the US dollar ("USD") as functional currency. The Company's exposure to foreign exchange risk stems mainly from cash, accounts receivable, long-term debt denominated in USD, other working capital items and financial obligations from its US operations. As at November 30, 2025, US\$275,000 (November 30, 2024 – US\$308,000) was drawn from the revolving credit facility.

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

As at November 30, 2025 and 2024, the Company has the following financial instruments denominated in foreign currencies:

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

23. Financial instruments (continued)

Foreign exchange risk (continued)

	2025		2024	
	USD	CAD	USD	CAD
	\$	\$	\$	\$
Financial assets				
Cash	2,370	3,313	8,573	12,011
Accounts receivable	482	674	631	884
Financial liabilities				
Accounts payable and deposits	(190)	(266)	(624)	(874)
Long-term debt	(275,000)	(384,423)	(308,000)	(431,508)
Net financial liabilities	(272,338)	(380,702)	(299,420)	(419,487)

All other factors being equal, a reasonable possible 5% rise in foreign currency exchange rates per Canadian dollar would result in a loss of \$13,600 (2024 – loss of \$15,000) on the consolidated statements of income and comprehensive income.

Interest rate risk

Interest rate risk is the Company's exposure to increases and decreases in financial instrument values caused by the fluctuation in interest rates. The Company is exposed to cash flow risk due to the interest rate fluctuation in its floating-rate interest-bearing financial obligations. The Company from time to time may enter into fixed interest rate derivatives to manage its cash flow risk exposure, with long-term commitments requiring Board approval to ensure compliance with the Company's risk management strategy. As at November 30, 2025, the Company holds floating-to-fixed interest rate swaps in order to hedge a portion of the interest rate cash flow risk associated with floating interest rate debt.

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

Long-term debt stems mainly from acquisitions of long-term assets and business combinations. The Company is exposed to interest rate risk with its revolving credit facility which is used to finance the Company's acquisitions. The facility bears interest at a variable rate and as such the interest burden could change materially. \$633,767 (November 30, 2024 – \$704,578) of the credit facility was used as at November 30, 2025. A 100 basis points increase in the bank's prime rate would result in additional interest of \$6,338 per annum (2024 – \$7,046) on the outstanding credit facility.

Liquidity risk

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

As at November 30, 2025, the Company had an authorized revolving credit facility for which the available amount may not exceed \$900,000 (November 30, 2024 – \$900,000) and including an accordion feature amounting to \$300,000 (November 30, 2024 – \$300,000) to ensure that sufficient funds are available to meet its financial requirements. The terms and conditions related to this revolving credit facility are described in Note 18.

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

23. Financial instruments (continued)

Liquidity risk (continued)

The following are the contractual maturities of financial liabilities as at November 30, 2025:

	Carrying amount	Contractual cash flows	0 to 6 months	6 to 12 months	12 to 24 months	Thereafter
	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	123,600	123,600	123,600	—	—	—
Long-term debt (Note 18) ⁽¹⁾	632,172	633,767	—	—	—	633,767
Interest on long-term debt ⁽¹⁾	n/a	54,879	19,323	19,323	16,233	—
Lease liabilities	498,837	571,991	64,247	64,247	110,204	333,293
	1,254,609	1,384,237	207,170	83,570	126,437	967,060

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

24. Capital disclosures

The Company's objectives when managing capital are:

- To safeguard its ability to obtain financing should the need arise;
- To provide an adequate return to its shareholders; and
- To maintain financial flexibility in order to have access to capital in the event of future acquisitions.

The Company defines its capital as follows:

- Shareholders' equity;
- Long-term debt including the current portion;
- Deferred revenue including the current portion; and
- Cash

The Company's financial strategy is designed and formulated to maintain a flexible capital structure consistent with the objectives stated above and to respond to changes in economic conditions and the risk characteristics of the underlying assets. The Company may invest in longer or shorter-term investments depending on eventual liquidity requirements.

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

24. Capital disclosures (continued)

The Company monitors capital on the basis of the debt-to-equity ratio. The debt-to-equity ratios at November 30, 2025 and November 30, 2024 were as follows:

	2025	2024
	\$	\$
Debt	632,172	706,605
Equity	857,019	803,450
Debt-to-equity ratio	0.74	0.88

Maintaining a low debt-to-equity ratio is a priority in order to preserve the Company's ability to secure financing at a reasonable cost for future acquisitions. The Company expects to maintain a low ratio by continuously using the expected cash flows from the newly acquired business in both the US and Canada to reduce the level of long-term debt.

The Company's credit facility imposes a maximum debt-to-proforma EBITDA ratio of 4.00:1.00 after an acquisition in excess of \$150,000 for a period of twelve months after acquisition; 3.50:1.00 anytime thereafter and until the maturity date of November 25, 2028.

25. Revenue

	For the year ended					
	November 30, 2025			November 30, 2024		
	Canada	US & International	TOTAL	Canada	US & International	TOTAL
	\$	\$	\$	\$	\$	\$
Royalties	90,020	173,670	263,690	89,770	174,784	264,554
Franchise and transfer fees	6,060	8,369	14,429	6,493	7,864	14,357
Retail, food processing and distribution revenues	157,929	2,592	160,521	145,574	2,712	148,286
Sale of goods, including construction revenue	47,630	448,355	495,985	50,847	455,094	505,941
Gift card breakage income	457	37,195	37,652	416	7,688	8,104
Promotional funds	45,742	76,028	121,770	43,592	78,050	121,642
Other franchising revenue	39,096	41,777	80,873	39,753	40,922	80,675
Other	2,797	12,452	15,249	1,990	14,055	16,045
	389,731	800,438	1,190,169	378,435	781,169	1,159,604

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

26. Operating expenses

	For the year ended					
	November 30, 2025			November 30, 2024		
	Canada	US & International	TOTAL	Canada	US & International	TOTAL
	\$	\$	\$	\$	\$	\$
				<i>Adjusted⁽¹⁾</i>		
Cost of goods sold and rent	23,987	144,804	168,791	23,551	143,587	167,138
Retail, food processing and distribution costs	141,902	620	142,522	130,833	857	131,690
Wages and benefits	69,190	231,724	300,914	68,297	233,765	302,062
Other corporate store expenses	3,364	53,186	56,550	4,917	56,490	61,407
Consulting and professional fees	7,935	8,803	16,738	6,441	10,837	17,278
Acquisition-related transaction costs	—	1,411	1,411	—	—	—
Insurance and taxes	380	7,553	7,933	1,718	7,936	9,654
Utilities, repairs and maintenance	2,273	24,202	26,475	2,018	23,020	25,038
Advertising, travel, meals and entertainment	4,063	15,733	19,796	4,689	15,073	19,762
Gift cards – related costs	—	8,728	8,728	—	8,817	8,817
Royalties	2,561	8,936	11,497	2,420	8,925	11,345
Promotional funds ⁽²⁾	45,742	76,028	121,770	43,592	78,050	121,642
(Reversal) impairment for expected credit losses	(1,778)	484	(1,294)	1,134	(117)	1,017
Other ⁽³⁾	11,464	8,593	20,057	8,956	10,761	19,717
	311,083	590,805	901,888	298,566	598,001	896,567

(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 supplies, repairs and maintenance and administration expenses.

27. Guarantee

The Company has guaranteed leases on certain franchise stores in the event the franchisees are unable to meet their remaining lease commitments. The maximum amount the Company may be required to pay under these agreements was \$10,662 as at November 30, 2025 (November 30, 2024 – \$12,457). In addition, the Company could be required to make payments for percentage rents, realty taxes and common area costs. As at November 30, 2025, the Company has accrued \$1,570 (November 30, 2024 – \$1,570), included in Accounts payable and accrued liabilities, with respect to these guarantees.

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

28. Income taxes

Variations of income tax expense from the basic Canadian federal and provincial combined tax rates applicable to income from operations before income taxes are as follows:

	2025		2024	
	\$	%	\$	%
Combined income tax rate in Canada	36,635	26.5	4,188	26.5
Add effect of:				
Difference between Canadian and foreign statutory rate	(20,087)	(14.5)	(20,856)	(132.0)
Non-taxable portion of capital gains	(263)	(0.2)	397	2.5
Permanent differences	1,090	0.8	4,305	27.2
Non-deductible impairment of goodwill	—	—	10,739	68.0
Recognition of previously unrecognized deferred tax assets	(3,890)	(2.8)	(3,622)	(22.9)
Losses in subsidiaries for which no deferred income tax assets is recognized	1,045	0.8	544	3.4
Rate variation on deferred income tax	—	—	951	6.0
Adjustment to prior year provisions	(527)	(0.4)	(8,378)	(53.0)
Pillar 2 - Top-up tax	5,860	4.2	—	—
Other – net	(1,013)	(0.7)	2,901	18.4
Provision for income taxes	18,850	13.7	(8,831)	(55.9)

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

For the years ended November 30, 2025 and 2024

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

28. Income taxes (continued)

The variation in deferred income taxes during the years ended November 30, 2025 and 2024 were as follows:

	November 30, 2024	Recognized in profit or loss	Recognized in other comprehensive loss	Foreign exchange	November 30, 2025
	\$	\$	\$	\$	\$
Net deferred tax assets (liabilities) in relation to:					
Property, plant and equipment	(14,611)	2,795	—	25	(11,791)
Finance lease receivables	(80,121)	51,918	—	62	(28,141)
Right-of-use assets	(46,996)	(44,361)	—	76	(91,281)
Accounts receivable	269	66	—	(1)	334
Deferred costs	(513)	(212)	—	2	(723)
Inventory	(465)	50	—	(34)	(449)
Provisions and gift cards	10,971	(6,714)	—	62	4,319
Long-term debt	(3,387)	(1,366)	961	2	(3,791)
Non-deductible interest and non- capital losses carried forward	34,242	6,868	—	(65)	41,045
Capital losses	566	289	—	—	855
Intangible assets	(243,576)	5,774	—	1,524	(236,278)
Accrued expenses	30,200	3,426	—	(75)	33,551
Derivative assets	(207)	719	—	—	512
Deferred revenue	6,606	1,724	—	(18)	8,312
Lease liabilities	132,982	(8,393)	—	(147)	124,442
Other	(101)	(747)	—	(418)	(1,266)
	(174,141)	11,836	961	995	(160,350)

MTY Food Group Inc.

Notes to the consolidated financial statements

For the years ended November 30, 2025 and 2024

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

28. Income taxes (continued)

	November 30, 2023	Recognized in profit or loss	Recognized in other comprehensive loss	Foreign exchange	November 30, 2024
	\$	\$	\$	\$	\$
Net deferred tax assets (liabilities) in relation to:					
Property, plant and equipment	(16,836)	2,637	—	(412)	(14,611)
Finance lease receivables	(87,119)	7,791	—	(793)	(80,121)
Right-of-use assets	(46,309)	532	—	(1,219)	(46,996)
Accounts receivable	808	(535)	—	(4)	269
Deferred costs	(636)	136	—	(13)	(513)
Inventory	(359)	(90)	—	(16)	(465)
Provisions and gift cards	9,053	1,710	—	208	10,971
Long-term debt	(3,059)	1,959	(2,261)	(26)	(3,387)
Non-capital losses	7,034	26,019	—	1,189	34,242
Capital losses	503	63	—	—	566
Intangible assets	(243,167)	5,345	—	(5,754)	(243,576)
Accrued expenses	45,591	(16,014)	—	623	30,200
Derivative assets	(1,777)	1,570	—	—	(207)
Deferred revenue	6,465	(58)	—	199	6,606
Lease liabilities	138,030	(7,153)	—	2,105	132,982
Other	(1,747)	2,852	—	(1,206)	(101)
	<u>(193,525)</u>	<u>26,764</u>	<u>(2,261)</u>	<u>(5,119)</u>	<u>(174,141)</u>

As at November 30, 2025, there were approximately \$8,749 (November 30, 2024 – \$5,497) in non-capital losses accumulated in one of the Company's subsidiaries for which no deferred income tax asset was recognized. These non-capital losses will expire between 2038 and 2045.

As at November 30, 2025 there were approximately \$1,828 (2024 – 2,258) capital losses accumulated in one of the Company's subsidiaries for which no deferred income tax asset was recognized. These capital losses do not expire.

The deductible temporary difference in relation to foreign exchange on intercompany loans for which a deferred tax asset has not been recognized amounts to \$3,667 (2024 – \$3,204).

No deferred income tax liability is recognized on unremitted earnings of \$142,267 (2024 – \$98,974) related to the investments in subsidiaries. Such unremitted earnings are reinvested in the subsidiaries and will not be repatriated in the foreseeable future.

As at November 30, 2025, Canada has enacted the global minimum top-up income tax under Pillar Two tax legislation into domestic tax legislation. The top-up income tax relates to the Company's operations in the Canadian jurisdiction. The Corporation has applied the exception to not recognize deferred tax assets and liabilities related to Pillar Two income taxes. For the year ended November 30, 2025, the Company recognized a current income tax expense related to the Pillar Two tax of \$5,860 (2024 – not applicable).

The Company has an uncertain tax risk related to pre-acquisition periods whereby tax returns were filed by previous owners.

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the twelve months ended-month periods ended November 30, 2025 and 2024

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

29. 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 twelve-month periods ended November 30, 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	148,083	41,688	163,240	45,742	(9,022)	389,731	273,761	448,549	2,593	76,027	(492)	800,438	1,190,169
Operating expenses	82,185	42,371	146,932	45,742	(6,147)	311,083	115,422	402,103	620	76,027	(3,367)	590,805	901,888
Segment profit (loss)	65,898	(683)	16,308	—	(2,875)	78,648	158,339	46,446	1,973	—	2,875	209,633	288,281
Total assets	1,292,470	39,637	104,880	6,515	—	1,443,502	841,953	211,253	414	13,356	—	1,066,976	2,510,478
Total liabilities	960,530	34,525	14,988	6,515	—	1,016,558	479,403	144,049	93	13,356	—	636,901	1,653,459

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the twelve months ended month periods ended November 30, 2025 and 2024

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

29. Segment information (continued)

Below is a summary of each geographical and operating segment's performance for the twelve-month periods ended November 30, 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	\$ 147,504	\$ 45,307	\$ 146,660	\$ 43,592	\$ (4,628)	\$ 378,435	\$ 245,371	\$ 455,518	\$ 2,712	\$ 78,050	\$ (482)	\$ 781,169	\$ 1,159,604
Operating expenses	79,003	46,368	131,691	43,592	(2,088)	298,566	112,455	409,660	858	78,050	(3,022)	598,001	896,567
Segment profit (loss)	68,501	(1,061)	14,969	—	(2,540)	79,869	132,916	45,858	1,854	—	2,540	183,168	263,037
Total assets	1,348,784	22,748	80,286	8,839	—	1,460,657	713,072	393,953	2,096	16,581	—	1,125,702	2,586,359
Total liabilities	1,058,497	19,732	10,729	8,839	—	1,097,797	348,281	320,237	13	16,581	—	685,112	1,782,909

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the years ended November 30, 2025 and 2024

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

30. Statement of cash flows (continued)

	Revolving credit facility	Loan financing costs	Non-interest-bearing contracts and holdbacks	Non-controlling interest buyback obligation in 9974644 Canada Inc.	Contingent considerations on Kùto Comptoir à Tartares acquisition and 11554891 Canada Inc.	Obligation to repurchase 11554891 Canada Inc. partner	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at November 30, 2023	757,759	(1,837)	1,375	2,288	600	7,179	767,364
Changes from financing activities:							
Issuance of long-term debt	22,785	—	—	—	—	—	22,785
Repayment of long-term debt	(94,935)	—	(1,067)	—	(250)	(6,054)	(102,306)
Capitalized financing costs	—	(1,052)	—	—	—	—	(1,052)
Changes from non-cash transactions:							
Amortization of transaction costs directly attributable to a financing arrangement	—	1,222	—	—	—	—	1,222
Accretion of interest on non-interest-bearing holdbacks	—	—	2	—	—	—	2
Revaluation of financial liabilities recorded at fair value through profit and loss (Note 23)	—	—	(25)	(146)	25	—	(146)
Reclass to holdback	—	—	1,398	—	(375)	(1,125)	(102)
Gain on extinguishment of debt (Note 23)	—	—	(131)	—	—	—	(131)
Foreign exchange	13,272	—	—	—	—	—	13,272
Fluctuation in derivative position	5,697	—	—	—	—	—	5,697
Balance as at November 30, 2024	704,578	(1,667)	1,552	2,142	—	—	706,605

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the years ended November 30, 2025 and 2024

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

30. Statement of cash flows (continued)

Changes in non-cash operating activities are as follows:

	2025	2024
	\$	\$
		<i>Adjusted⁽¹⁾</i>
Accounts receivable	(10,904)	3,411
Inventories	2,597	825
Other assets	(1,289)	599
Prepaid expenses and deposits	(1,663)	119
Accounts payable and accrued liabilities	(6,745)	(15,335)
Provisions	(105)	(643)
Gift card and loyalty program liabilities	(15,019)	5,414
Deferred revenue and deposits	1,519	4,010
	(31,609)	(1,600)

⁽¹⁾ Prior year amounts have been adjusted to reflect a reclassification of \$1,842 between loans and other receivables and other assets

For the year ended November 30, 2025, non-cash items amounting to nil (2024 – \$2,242), 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.



CORPORATE INFORMATION

HEAD OFFICE

8210 Transcanada Highway
Saint-Laurent, Québec
H4S 1M5, Canada
T. : 514 336-8885
F. : 514 336-9222
www.mtygroup.com

AUDITORS

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.

TRANSFER AGENT & REGISTRAR

Computershare Trust
Company of Canada

SOLICITORS

Fasken Martineau DuMoulin LLP

DIRECTORS

Stanley Ma⁽¹⁾
Claude St-Pierre
Eric Lefebvre
Dickie Orr⁽²⁾
Victor Mandel^(2,3)
Murat Armutlu^(2,3)
Suzan Zalter⁽³⁾

(1) Chairman of the Board

(2) Audit Committee

(3) Compensation, Nomination and Governance Committee

INVESTOR RELATIONS

Eric Lefebvre
T. : 514 336-8885
F. : 514 336-9222
ir@mtgroup.com



GROUPE
MTY
GROUP

MTYGROUP.COM