

Condensed
interim consolidated financial statements of
MTY Food Group Inc.

For the 13-week period ended March 1, 2026 and the three month period ended
February 28, 2025

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

For the 13-week period ended March 1, 2026 and three month period ended February 28, 2025

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

(Unaudited)

		March 1, 2026	February 28, 2025
	Notes	\$	\$
Revenue	11 & 13	267,765	284,792
Expenses			
Operating expenses	12 & 13	207,948	226,342
Depreciation – property, plant and equipment and right-of-use assets		13,687	14,902
Amortization – intangible assets		7,920	8,314
Interest on long-term debt		7,163	9,129
Net interest expense on leases	7	2,539	2,838
Impairment charge – right-of-use assets	7	287	290
Impairment charge – property, plant and equipment and intangible assets		—	435
		239,544	262,250
Other income (expenses)			
Unrealized and realized foreign exchange gain (loss)		16,889	(21,460)
Interest income		65	95
Gain (loss) on de-recognition/lease modification of lease liabilities		1,168	(134)
Gain on disposal of asset held for sale		336	—
Loss on disposal of property, plant and equipment		(571)	(250)
Revaluation of financial liabilities and derivatives recorded at fair value	10	(23)	(299)
		17,864	(22,048)
Income before taxes		46,085	494
Income tax expense (recovery)			
Current		9,280	2,339
Deferred		(128)	(3,670)
		9,152	(1,331)
Net income		36,933	1,825
Net income attributable to:			
Owners		36,927	1,743
Non-controlling interests		6	82
Net income		36,933	1,825
Net income per share	9		
Basic and diluted		1.62	0.07

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

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

For the 13-week period ended March 1, 2026 and three month period ended February 28, 2025

(In thousands of Canadian dollars)

(Unaudited)

		March 1, 2026	February 28, 2025
	Notes	\$	\$
Net income		36,933	1,825
Other comprehensive income			
Items that may be reclassified subsequently to net income			
Translation adjustments			
Unrealized (loss) gain on translation of foreign operations		(33,187)	40,517
Cash flow hedges			
Change in fair value of financial instruments	10	133	(1,329)
Loss realized on financial instruments transferred to earnings	10	(905)	(1,097)
Deferred tax recovery (expense) on foreign currency translation adjustments and cash flow hedges		3,047	(3,352)
		(30,912)	34,739
Total comprehensive income		6,021	36,564
Total comprehensive income attributable to:			
Owners		6,015	36,482
Non-controlling interests		6	82
		6,021	36,564

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

MTY Food Group Inc.

Condensed interim consolidated statements of changes in shareholders' equity

For the 13-week period ended March 1, 2026 and three month period ended February 28, 2025

(In thousands of Canadian dollars)

(Unaudited)

	Reserves									
	Capital stock		Contributed surplus	Accumulated other comprehensive income	Total reserves	Retained earnings	Equity attributable to owners	Equity attributable to non-controlling interests	Total	
	Other									
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
For the 13 weeks ended March 1, 2026										
Balance, beginning of period	283,283	—	6,712	51,603	58,315	514,818	856,416	603	857,019	
Net income	—	—	—	—	—	36,927	36,927	6	36,933	
Other comprehensive income	—	—	—	(30,912)	(30,912)	—	(30,912)	—	(30,912)	
Total comprehensive income	—	—	—	(30,912)	(30,912)	36,927	6,015	6	6,021	
Dividends	—	—	—	—	—	(8,451)	(8,451)	(75)	(8,526)	
Share-based compensation	—	—	43	—	43	—	43	—	43	
Balance, end of period	283,283	—	6,755	20,691	27,446	543,294	854,023	534	854,557	
For the three months ended February 28, 2025										
Balance, beginning of period	290,593	(850)	6,295	59,705	65,150	446,094	801,837	1,613	803,450	
Net income	—	—	—	—	—	1,743	1,743	82	1,825	
Other comprehensive income	—	—	—	34,739	34,739	—	34,739	—	34,739	
Total comprehensive income	—	—	—	34,739	34,739	1,743	36,482	82	36,564	
Shares repurchased and cancelled	(3,626)	—	—	—	—	(10,186)	(13,812)	—	(13,812)	
Dividends	—	—	—	—	—	(7,665)	(7,665)	(75)	(7,740)	
Share-based compensation	—	—	60	—	60	—	60	—	60	
Balance, end of period	286,967	(850)	6,355	94,444	99,949	429,986	816,902	1,620	818,522	

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

MTY Food Group Inc.

Condensed interim consolidated statements of financial position

As at March 1, 2026 and November 30, 2025

(In thousands of Canadian dollars)

(Unaudited)

	Notes	March 1, 2026	November 30, 2025
		\$	\$
Assets			
Current assets			
Cash		55,961	51,989
Accounts receivable	6	98,706	92,056
Inventories		15,673	17,518
Assets held for sale		—	1,125
Current portion of loans and other receivables		2,797	2,164
Current portion of finance lease receivables	7	73,316	74,693
Income taxes receivable		4,687	7,871
Current portion of derivative assets	10	94	106
Other assets		6,469	6,904
Prepaid expenses and deposits		17,011	15,195
		274,714	269,621
Loans and other receivables			
		3,455	3,732
Finance lease receivables	7	236,853	241,312
Contract cost asset		8,076	8,268
Deferred income taxes		633	1,979
Derivative assets	10	—	12
Property, plant and equipment		75,387	81,662
Right-of-use assets	7	155,748	162,815
Intangible assets		1,021,947	1,048,325
Goodwill		680,976	692,752
		2,457,789	2,510,478
Liabilities and Shareholders' equity			
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		115,759	123,600
Provisions		3,421	3,922
Gift card and loyalty program liabilities		148,174	142,236
Income taxes payable		11,239	12,807
Current portion of deferred revenue and deposits		11,639	14,868
Current portion of derivative liabilities	10	1,692	1,415
Current portion of lease liabilities	7	104,746	106,472
Liabilities held for sale		—	616
		396,670	405,936
Long-term debt			
	8	605,063	632,172
Lease liabilities	7	380,069	392,365
Deferred revenue and deposits		66,260	60,024
Deferred income taxes		154,706	162,329
Derivative liabilities	10	464	633
		1,603,232	1,653,459

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

As at March 1, 2026 and November 30, 2025

(In thousands of Canadian dollars)

(Unaudited)

	March 1, 2026	November 30, 2025
Notes	\$	\$
Shareholders' equity		
Equity attributable to owners		
Capital stock	283,283	283,283
Reserves	27,446	57,465
Retained earnings	543,294	514,656
	854,023	855,404
Equity attributable to non-controlling interests	534	603
	854,557	856,007
	2,457,789	2,509,466

Approved by the Board on April 9, 2026

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

MTY Food Group Inc.

Condensed interim consolidated statements of cash flows

For the 13-week period ended March 1, 2026 and three month period ended February 28, 2025

(In thousands of Canadian dollars)

(Unaudited)

		March 1, 2026	February 28, 2025
	Notes	\$	\$ <i>Adjusted</i> ⁽¹⁾
Operating activities			
Net income		36,933	1,825
Adjusting items:			
Interest on long-term debt		7,163	9,129
Net interest expense on leases	7	2,539	2,838
Depreciation – property, plant and equipment and right-of-use assets		13,687	14,902
Amortization – intangible assets		7,920	8,314
Impairment charge – right-of-use assets	7	287	290
Impairment charge – property, plant and equipment and intangible assets		—	435
Unrealized foreign exchange (gain) loss		(16,889)	21,460
(Gain) loss on de-recognition/lease modification of lease liabilities		(1,168)	134
Gain on disposal of asset held for sale		(336)	—
Loss on disposal of property, plant and equipment		571	250
Revaluation of financial liabilities and derivatives recorded at fair value	10	23	299
Income tax expense (recovery)		9,152	(1,331)
Share-based compensation		43	60
		59,925	58,605
Income taxes paid		(7,434)	(2,051)
Interest paid		(8,207)	(9,894)
Other		(3,556)	(176)
Changes in non-cash working capital items	14	175	18,121
Cash provided by operating activities		40,903	64,605
Investing activities			
Repayment (issuance) of loans and other receivables		(435)	231
Additions to property, plant and equipment		(2,569)	(3,665)
Additions to intangible assets		(506)	(889)
Proceeds on disposal of assets held for sale		838	—
Proceeds on disposal of property, plant and equipment		939	1,109
Cash used in investing activities		(1,733)	(3,214)
Financing activities			
Repayment of long-term debt		(17,719)	(8,742)
Net lease payments	7	(10,623)	(11,830)
Shares repurchased and cancelled		—	(13,812)
Dividends paid to non-controlling shareholders of subsidiaries		(75)	(75)
Dividends paid		(8,451)	(7,665)
Cash used in financing activities		(36,868)	(42,124)
Net increase (decrease) in cash		2,302	19,267
Effect of foreign exchange rate loss (gain) on cash		1,670	(895)
Cash, beginning of period		51,989	50,409
Cash, end of period		55,961	68,781

(1) Prior year amounts have been adjusted to reflect a reclassification between foreign exchange rate loss (gain) on cash and changes in non-cash working capital items.

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

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MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the 13-week period ended March 1, 2026 and three month period ended February 28, 2025

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

(Unaudited)

1. Description of the business

MTY Food Group Inc. (the "Company") is a franchisor in the quick service and casual dining food industry. Its activities consist of franchising and operating corporate-owned locations as well as the sale of retail products under a multitude of banners. The Company also operates 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. Notice of no auditor review of the interim financial statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of financial statements by an entity's auditor.

3. Basis of preparation

Measurement basis

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

During the current year, the Company changed its fiscal year-end from November 30 to a 52-week reporting cycle ending on the Sunday closest to November 30. The change is effective beginning December 1, 2025 and was made to better align the Company's reporting calendar with industry practices and to improve comparability of operating results across reporting periods.

As a result of this change, the Company's condensed interim consolidated financial statements for the current period cover the 13-week period beginning December 1, 2025 and ending March 1, 2026. Comparative information continues to be presented on a calendar-month basis.

Accordingly, amounts presented for the current period are not entirely comparable with those of the prior year due to differences in the reporting calendar and the impact of a 52-week fiscal year. Management believes that the new reporting cycle provides more meaningful information to users of the consolidated financial statements.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on April 9, 2026.

The condensed interim consolidated 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.

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the 13-week period ended March 1, 2026 and three month period ended February 28, 2025

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

(Unaudited)

3. Basis of preparation (continued)

Measurement basis (continued)

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 condensed interim 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.

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.

4. Changes in accounting policies

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 amendments to IAS 21 were adopted effective December 1, 2025 and resulted in no significant adjustment.

5. 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 13-week period ended March 1, 2026 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
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

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the 13-week period ended March 1, 2026 and three month period ended February 28, 2025

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

(Unaudited)

5. Future accounting changes (continued)

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.

6. Accounts receivable

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

	March 1, 2026	November 30, 2025
	\$	\$
Total accounts receivable	105,367	99,137
Less: Allowance for credit losses	6,661	7,081
Total accounts receivable, net	98,706	92,056
Of which:		
Not past due	73,267	68,374
Past due for more than one day but no more than 30 days	4,159	4,115
Past due for more than 31 days but no more than 60 days	4,576	4,183
Past due for more than 61 days	16,704	15,384
Total accounts receivable, net	98,706	92,056

7. Leases

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

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the 13-week period ended March 1, 2026 and three month period ended February 28, 2025

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

(Unaudited)

7. Leases (continued)

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

Right-of-use assets

The following table provides the net carrying amounts of the right-of-use assets by class of underlying asset and the changes in the 13-week period ended March 1, 2026:

	Offices, corporate and dark stores	Store locations subject to operating subleases	Other	Total
	\$	\$	\$	\$
Balance as at November 30, 2025	158,019	4,314	482	162,815
Additions	1,326	—	—	1,326
Depreciation expense	(8,298)	(124)	(31)	(8,453)
Impairment net of charge and reversal	(287)	—	—	(287)
De-recognition/lease modification of lease liabilities	4,211	(486)	(91)	3,634
Foreign exchange	(3,276)	(8)	(3)	(3,287)
Balance as at March 1, 2026	151,695	3,696	357	155,748

Finance lease receivables

The following table provides the carrying amount of the finance lease receivables and the changes in the 13-week period ended March 1, 2026:

	<u>2026</u>
	\$
Balance as at November 30, 2025	316,005
Additions	7,432
Lease renewals and modifications	10,575
Lease terminations	(1,184)
Other adjustments	(29)
Interest income	3,315
Receipts	(23,361)
Foreign exchange	(2,584)
Balance as at March 1, 2026	310,169

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

	<u>Finance lease receivables</u>
	\$
Current portion	74,693
Long-term portion	241,312
Balance as at November 30, 2025	316,005
Current portion	73,316
Long-term portion	236,853
Balance as at March 1, 2026	310,169

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the 13-week period ended March 1, 2026 and three month period ended February 28, 2025

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

(Unaudited)

7. Leases (continued)

Lease liabilities

The following table provides the carrying amount of the lease liabilities and the changes in the 13-week period ended March 1, 2026:

	<u>2026</u>
	\$
Balance as at November 30, 2025	498,837
Additions	5,862
Lease renewals and modifications	18,616
Lease terminations	(3,820)
Other adjustments	(297)
Interest expense	5,854
Payments	(33,984)
Foreign exchange	(6,253)
Balance as at March 1, 2026	484,815

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

	<u>Lease liabilities</u>
	\$
Current portion	106,472
Long-term portion	392,365
Balance as at November 30, 2025	498,837
Current portion	104,746
Long-term portion	380,069
Balance as at March 1, 2026	484,815

8. Long-term debt

	<u>March 1,</u>	November 30,
	2026	2025
	\$	\$
Revolving credit facility payable to a syndicate of lenders ⁽¹⁾	606,523	633,767
Credit facility financing costs	(1,460)	(1,595)
	605,063	632,172

⁽¹⁾ 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, 2025 – \$900,000). As at March 1, 2026, the Company had drawn CAD\$250,000 and US\$262,000 (November 30, 2025 – CAD\$250,000 and US\$275,000) 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.

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the 13-week period ended March 1, 2026 and three month period ended February 28, 2025

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

(Unaudited)

9. 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:

	March 1, 2026	February 28, 2025
Weighted daily average number of common shares – basic and diluted ⁽¹⁾	22,841,361	23,282,694

⁽¹⁾ The number of excluded options for the 13-week period ended March 1, 2026 was 425,000 (February 28, 2025 – 400,000).

10. 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 February 27, 2026, the Company entered into one floating to floating 1-month cross currency interest rate swap (November 30, 2025 – one floating to floating 3-month cross currency interest rate swap). A derivative liability at fair value of \$897 was recorded as at March 1, 2026 (November 30, 2025 – \$656) in the current portion of derivative liabilities in the condensed interim consolidated statements of financial position. The Company has classified this as level 2 in the fair value hierarchy.

	March 1, 2026	November 30, 2025
	1-month	3-month
Receive – Notional	US\$182,600	US\$178,508
Receive – Rate	5.47%	5.72%
Pay – Notional	CA\$250,000	CA\$250,000
Pay – Rate	4.04%	3.96%

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the 13-week period ended March 1, 2026 and three month period ended February 28, 2025

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

(Unaudited)

10. Financial instruments (continued)

Fair value of recognized financial instruments (continued)

The swaps were recorded in the condensed interim consolidated statements of financial position as at March 1, 2026 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	—	6	88	—	—	94
Total derivative assets	—	6	88	—	—	94
Current portion of derivative liabilities	(897)	—	—	(534)	(261)	(1,692)
Long-term portion of derivative liabilities	—	—	—	(312)	(152)	(464)
Total derivative liabilities	(897)	—	—	(846)	(413)	(2,156)

Fair value hierarchy

The Company has determined that the fair values of its financial assets and financial liabilities with short-term and long-term maturities approximate their carrying value. These financial instruments include cash, accounts receivable, accounts payable and accrued liabilities, deposits and other liabilities.

Determination of fair value

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

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

Long-term debt – The fair value of long-term debt is determined using the present value of future cash flows under current financing agreements based on the Company's current estimated borrowing rate for similar debt.

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the 13-week period ended March 1, 2026 and three month period ended February 28, 2025

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

(Unaudited)

11. Revenue

	13-week period ended March 1, 2026			Three-month period ended February 28, 2025		
	US &		TOTAL	US &		TOTAL
	Canada	International		Canada	International	
	\$	\$	\$	\$	\$	\$
Royalties	21,334	40,764	62,098	21,267	41,461	62,728
Franchise and transfer fees	1,434	1,948	3,382	1,549	1,871	3,420
Retail, food processing and distribution revenues	37,883	511	38,394	37,311	656	37,967
Sale of goods, including construction revenue	8,703	102,291	110,994	10,680	116,107	126,787
Gift card breakage income	229	2,305	2,534	189	2,183	2,372
Promotional funds	10,984	18,048	29,032	10,109	18,140	28,249
Other franchising revenue	9,211	9,209	18,420	9,925	9,741	19,666
Other	778	2,133	2,911	551	3,052	3,603
	90,556	177,209	267,765	91,581	193,211	284,792

12. Operating expenses

	13-week period ended March 1, 2026			Three-month period ended February 28, 2025		
	US &		TOTAL	US &		TOTAL
	Canada	International		Canada	International	
	\$	\$	\$	\$	\$	\$
				<i>Adjusted⁽¹⁾</i>		
Cost of goods sold and rent	4,941	34,070	39,011	5,061	38,018	43,079
Retail, food processing and distribution costs	34,512	244	34,756	33,948	222	34,170
Wages and benefits	17,838	51,997	69,835	17,083	59,906	76,989
Other corporate store expenses	514	11,297	11,811	1,204	13,966	15,170
Consulting and professional fees	654	1,565	2,219	2,231	1,632	3,863
Acquisition-related transaction costs	—	—	—	—	1,411	1,411
Insurance and taxes	345	2,364	2,709	453	2,197	2,650
Utilities, repairs and maintenance	483	5,199	5,682	526	6,184	6,710
Advertising, travel, meals and entertainment	735	2,537	3,272	961	3,857	4,818
Gift cards – related costs	—	2,543	2,543	—	2,955	2,955
Royalties	605	1,333	1,938	22	1,803	1,825
Promotional funds ⁽²⁾	10,984	18,048	29,032	10,109	18,140	28,249
(Reversal) impairment for expected credit losses	(56)	45	(11)	(60)	353	293
Other ⁽³⁾	2,389	2,762	5,151	2,124	2,036	4,160
	73,944	134,004	207,948	73,662	152,680	226,342

(1) Prior year amounts have been adjusted to reflect a reclassification between gift card - related costs and other operating expenses.

(2) Promotional fund expenses include wages and benefits.

(3) Other operating expenses are comprised mainly of supplies and administration expenses.

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the three-month periods ended March 1, 2026 and February 28, 2025

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

(Unaudited)

13. 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 13-week period ended March 1, 2026.

	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	33,943	7,839	40,256	10,985	(2,467)	90,556	56,655	101,870	511	18,048	125	177,209	267,765
Operating expenses	20,057	8,379	36,895	10,985	(2,372)	73,944	27,679	88,004	243	18,048	30	134,004	207,948
Segment profit (loss)	13,886	(540)	3,361	—	(95)	16,612	28,976	13,866	268	—	95	43,205	59,817

Below is a summary of each geographical and operating segment's performance for the three-month period ended February 28, 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	34,463	9,833	37,483	10,109	(307)	91,581	58,451	116,091	656	18,140	(127)	193,211	284,792
Operating expenses	19,704	10,150	34,094	10,109	(395)	73,662	30,909	103,448	222	18,140	(39)	152,680	226,342
Segment profit (loss)	14,759	(317)	3,389	—	88	17,919	27,542	12,643	434	—	(88)	40,531	58,450

MTY Food Group Inc.

Notes to the condensed interim consolidated financial statements

For the three-month periods ended March 1, 2026 and February 28, 2025

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

(Unaudited)

14. Statements of cash flows

Changes in non-cash operating activities are as follows:

	March 1, 2026	February 28, 2025
	\$	\$
		<i>Adjusted ⁽¹⁾</i>
Accounts receivable	(7,882)	872
Inventories	3,131	1,871
Other assets	284	(2,724)
Prepaid expenses and deposits	(2,105)	(2,381)
Accounts payable and accrued liabilities	(5,225)	6,441
Provisions	(501)	774
Gift card and loyalty program liabilities	9,675	11,712
Deferred revenue and deposits	2,798	1,556
	175	18,121

⁽¹⁾ Prior year amounts have been adjusted to reflect a reclassification between foreign exchange rate loss (gain) on cash and changes in non-cash working capital items.

For the period ended March 1, 2026, non-cash items amounting to nil (February 28, 2025 – \$274) 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.