



Management's Discussion and Analysis
For the twelve months ended November 30, 2024
Key highlights

- Normalized adjusted EBITDA⁽¹⁾ remained relatively stable at \$59.4 million in the quarter, compared to \$60.4 million in Q4-23.
- System sales⁽²⁾ for the quarter improved by 2% or \$30.3 million to reach \$1,371.9 million compared to \$1,341.6 million in Q4-23 mostly due to organic growth.
- Ended the quarter with 7079 locations with net positive openings of 13 locations for the quarter.
- Franchising segment normalized adjusted EBITDA⁽¹⁾ increased 8% to reach \$49.3 million in the quarter, compared to \$45.7 million in Q4-23 with normalized adjusted EBITDA as a % of revenue⁽²⁾ of 51% compared to 47% in Q4-23.
- Cash flows provided by operating activities were \$43.7 million compared to \$47.8 million in Q4-23.
- Free cash flows net of lease payments⁽¹⁾ of \$27.4 million in the quarter, compared to \$33.4 million in Q4-23. Free cash flows net of lease payments per diluted share⁽³⁾ were \$1.16 for the quarter compared to \$1.37 in Q4-23.
- Net (loss) income attributable to owners of \$(55.3) million, or \$(2.34) per diluted share compared to \$16.4 million, or \$0.67 per diluted share in Q4-23.
- Repurchased and cancelled 314,700 shares for a consideration of \$14.0 million in Q4-24, bringing the year-to-date total to 906,900 shares for a consideration of \$41.8 million.
- Long-term debt repayments of \$9.5 million for the quarter with net repayments of \$79.5 million since Q4-23.
- Quarterly dividend payment of \$0.33 per share on February 14, 2025.

⁽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.

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



Management's Discussion and Analysis

For the twelve months ended November 30, 2024

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, 2024.

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 as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and with current issued and adopted interpretations applied to fiscal years beginning on or after December 1, 2023.

This MD&A was prepared as at February 13, 2025. 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 2024. 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 13, 2025 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 13, 2025. 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 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.

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 13, 2025. 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, Wasabi Grill & Noodle, 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 Dinerie, 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, Craft Republic, Fox & Hound, Champpps, Wetzel's Pretzels, Sauce Pizza and Wine, Spice Bros and Cakes N Shakes.

As at November 30, 2024, MTY had 7,079 locations in operation, of which 6,827 were franchised or under operator agreements and the remaining 252 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, Casa Grecque and Küto Comptoir à Tartares 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.
- 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 March 15, 2024, 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 March 15, 2027.

Normal Course Issuer Bid Program

On June 28, 2024, the Company announced the renewal of the NCIB. The NCIB began on July 3, 2024 and will end on July 2, 2025 or on such earlier date when the Company completes its purchases or elects to terminate the NCIB. The renewed period allows the Company to purchase 1,196,513 of its common shares. These purchases will be made on the open market plus brokerage fees through the facilities of the TSX and/or alternative trading systems at the prevailing market price at the time of the transaction, in accordance with the TSX's applicable policies. All common shares purchased pursuant to the NCIB will be cancelled.

During the three and twelve months ended November 30, 2024, the Company repurchased and cancelled a total of 314,700 and 906,900 common shares, respectively, (2023 – 80,800 and 80,800 respectively) under the current NCIB, at a weighted average price of \$45.26 and \$46.36 per common share, respectively, (2023 – \$51.58 and \$51.58 respectively), for a total consideration of \$14.0 million and \$41.8 million, respectively, (2023 – \$4.2 million and \$4.2 million, respectively). An excess of \$10.2 million and \$30.6 million, respectively, (2023 – \$3.2 million and \$3.2 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, 2024	Year ended November 30, 2023
Total assets	2,586,359	2,680,018
Total long-term financial liabilities	704,141	756,936
Revenue	1,159,604	1,169,334
Income before taxes	15,805	109,985
Net income attributable to owners	24,170	104,082
Total comprehensive income attributable to owners	58,405	115,786
Cash flows from operations	204,807	184,586
Net income per share – basic	1.01	4.26
Net income per share – diluted	1.01	4.25
Dividends paid on common stock	26,811	24,407
Dividends per common share	1.12	1.00
Weighted daily average number of common shares – basic	23,977,313	24,409,176
Weighted daily average number of common shares – diluted	23,977,313	24,478,163

SUMMARY OF ANNUAL OPERATING METRICS

(In thousands \$, except per share amounts)

	Year ended November 30, 2024	Year ended November 30, 2023
Adjusted EBITDA ⁽¹⁾	263,037	270,746
Normalized adjusted EBITDA ⁽¹⁾	264,532	271,904
Income before taxes, excluding impairment charges	90,011	119,845
Cash flows from operations per diluted share ⁽²⁾	8.54	7.54
Free cash flows net of lease payments ⁽¹⁾	137,882	110,467

⁽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

(In thousands \$, except per share information)	Quarters ended							
	February 2023	May 2023	August 2023	November 2023	February 2024	May 2024	August 2024	November 2024
Revenue	286,003	305,219	298,080	280,032	278,644	303,739	292,753	284,468
Net income (loss) attributable to owners	18,387	30,359	38,892	16,444	17,305	27,278	34,886	(55,299)
Total comprehensive income (loss) attributable to owners	27,453	32,867	34,906	20,560	14,089	33,796	22,723	(12,203)
Net income (loss) per share	0.75	1.24	1.59	0.67	0.71	1.13	1.46	(2.34)
Net income (loss) per diluted share	0.75	1.24	1.59	0.67	0.71	1.13	1.46	(2.34)
Cash flows provided by operating activities	33,467	51,860	51,495	47,764	54,178	40,558	66,355	43,716

SUMMARY OF QUARTERLY OPERATING METRICS

(In thousands \$, except system sales, # of locations and per share information)	Quarters ended							
	February 2023	May 2023	August 2023	November 2023	February 2024	May 2024	August 2024	November 2024
System sales ^(1 & 2)	1,362.5	1,470.0	1,467.1	1,341.6	1,331.7	1,459.4	1,472.7	1,371.9
# of locations	7,128	7,124	7,119	7,116	7,112	7,107	7,066	7,079
Adjusted EBITDA ⁽³⁾	62,863	74,648	72,870	60,365	59,262	73,198	71,781	58,796
Normalized adjusted EBITDA ⁽³⁾	63,959	74,648	72,932	60,365	59,535	73,683	71,895	59,419
Free cash flows net of lease payments ⁽³⁾	15,433	29,547	32,130	33,357	36,922	24,321	49,271	27,368
Free cash flows net of lease payments per diluted share ⁽⁴⁾	0.63	1.21	1.31	1.37	1.52	1.01	2.06	1.16

⁽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, 2024

Revenue

During the 2024 fiscal year, the Company's total revenue decreased to \$1,159.6 million, from \$1,169.3 million a year earlier. Revenues for the two segments of business are broken down as follows:

Segment	Subdivision	November 30, 2024 (\$ millions)	November 30, 2023 (\$ millions)	Variation
Canada	Franchise operation	147.5	154.5	(5%)
	Corporate stores	45.3	32.0	42%
	Food processing, distribution and retail	146.6	161.2	(9%)
	Promotional funds	43.6	45.0	(3%)
	Intercompany transactions	(4.6)	(4.8)	N/A
Total Canada		378.4	387.9	(2%)
US & International	Franchise operation	245.4	242.4	1%
	Corporate stores	455.5	462.0	(1%)
	Food processing, distribution and retail	2.7	1.8	50%
	Promotional funds	78.1	76.5	2%
	Intercompany transactions	(0.5)	(1.3)	N/A
Total US & International		781.2	781.4	0%
Total revenue		1,159.6	1,169.3	(1%)

Canada revenue analysis:

Revenue from franchise locations in Canada decreased by 5%. Several factors contributed to the variation, as listed below:

	(In millions \$)
Revenue, 2023 fiscal year	154.5
Decrease in recurring revenue streams ⁽¹⁾	(5.3)
Increase in initial franchise fees, renewal fees and transfer fees	0.9
Decrease in turnkey, sales of material to franchisees and rent revenues	(2.8)
Other non-material variations	0.2
Revenue, 2024 fiscal year	147.5

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

During the 2024 fiscal year, recurring revenue streams decreased by \$5.3 million and were tightly correlated with the 2% decrease in system sales compared to the same period last year. The decrease was also impacted by one-time revenues recorded in 2023 relating to insurance proceeds and royalty adjustments which did not occur in 2024.

Franchising revenues also decreased by \$2.8 million in turnkey, sales of material to franchisees and rent revenues due primarily to a reduction in turnkey revenues.

Revenue from corporate-owned locations increased by 42% to \$45.3 million during the year due to a net increase in corporate-owned locations year-over-year as well as a shift in the mix of restaurant concepts in the segment with an increase in casual dining restaurants over prior year.

Food processing, distribution and retail revenues decreased by 9% due to lower sales in the retail segment, which are the result of market conditions and the grocers' increased focus on promoting house labels. During the year ended November 30, 2024, 169 products were sold in the Canadian retail market (2023 – 190).

The promotional fund revenue decrease of 3% is attributable to the decrease in system sales as well as the impact of the various contribution rates.

US & International revenue analysis:

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

	(In millions \$)
Revenue, 2023 fiscal year	242.4
Decrease in recurring revenue streams ⁽¹⁾	(1.7)
Increase in initial franchise fees, renewal fees and transfer fees	1.0
Decrease in sales of material and services to franchisees	(0.8)
Increase in gift card breakage income	1.8
Increase due to acquisition	0.8
Impact of variation in foreign exchange rates	2.4
Other non-material variations	(0.5)
Revenue, 2024 fiscal year	245.4

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

During the 2024 fiscal year, franchise revenues increased by \$3.0 million compared to prior year mostly due to the increase in gift card breakage income of \$1.8 million and the increase in initial franchise fees, renewal fees and transfer fees of \$1.0 million. The Company also recognized an additional \$0.8 million in revenues due to the acquisitions of Wetzel's Pretzels and Sauce Pizza and Wine which were not owned for all of 2023. Franchising revenues were also positively impacted by the variation of foreign exchange rates which had a favorable impact of \$2.4 million. This was offset by a decrease in royalties and sale of material to franchisees mostly due to organic sales decrease in the casual dining segment.

Revenue from corporate-owned locations decreased by 1% to \$455.5 million during the year due to a decrease in organic system sales compared to the same period last year.

Food processing, distribution and retail revenues reached \$2.7 million compared to \$1.8 million in prior year as a results of the expansion of our retail line.

Operating expenses

During the 2024 fiscal year, operating expenses decreased slightly to \$896.6 million, from \$898.6 million a year ago. Operating expenses for the two business segments were incurred as follows:

Segment	Subdivision	November 30, 2024	November 30, 2023	Variation
		(\$ millions)	(\$ millions)	
Canada	Franchise operation	79.0	79.3	0%
	Corporate stores	46.4	32.9	41%
	Food processing, distribution and retail	131.7	144.4	(9%)
	Promotional funds	43.6	45.0	(3%)
	Intercompany transactions	(2.1)	(2.1)	N/A
Total Canada		298.6	299.5	0%
US & International	Franchise operation	112.5	117.4	(4%)
	Corporate stores	409.6	408.9	0%
	Food processing, distribution and retail	0.8	0.3	167%
	Promotional funds	78.1	76.5	2%
	Intercompany transactions	(3.0)	(4.0)	N/A
Total US & International		598.0	599.1	0%
Total operating expenses		896.6	898.6	0%

Canada operating expenses analysis:

Operating expenses from franchise locations in Canada decreased slightly to \$79.0 million from \$79.3 million a year earlier. The Canadian subdivision was impacted by several factors listed below:

	(In millions \$)
Operating expenses, 2023 fiscal year	79.3
Decrease in turnkey cost, cost of sale of material and services to franchisees and rent	(0.3)
Decrease in recurring controllable expenses ⁽¹⁾ including wages, professional and consulting services and other office expenses	(0.4)
Increase in SAP project implementation costs	1.5
Decrease in expected credit loss provision	(1.2)
Other non-material variations	0.1
Operating expenses, 2024 fiscal year	79.0

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

Operating expenses remained stable mainly due to the decrease in turnkey costs which were offset by an increase in rents and rent provisions. As part of a long term strategy to improve operational efficiency, have greater scalability and flexibility and increase data-driven decision making and increase of costs was due to the \$1.5 million in SAP implementation costs which were offset by the decrease in the expected credit loss provision of \$1.2 million.

Expenses from corporate stores increased by \$13.5 million compared to the same period last year, partly correlated to the related increase in revenues and increased corporate store locations, and partially due to an increase in wages and supply chain costs due to inflation.

The decreases in food processing, distribution and retail expenses of 9% as well as the variation in promotional funds expense were tightly correlated to the related revenues.

US & International operating expenses analysis:

Operating expenses from franchise locations in the US & International decreased by 4%. Several factors contributed to the variation, as listed below:

	(In millions \$)
Operating expenses, 2023 fiscal year	117.4
Increase in non-controllable expenses ⁽¹⁾	0.1
Decrease in cost of sale of material and services to franchisees and rent	(1.0)
Decrease in recurring controllable expenses ⁽¹⁾ including wages, professional and consulting services and other office expenses	(3.6)
Decrease in expected credit loss provision	(1.0)
Increase due to acquisition	0.1
Decrease due to transaction costs related to acquisitions	(1.2)
Increase due to impact of IFRS 16 on rent expense	1.0
Impact of variation in foreign exchange rates	1.1
Other non-material variations	(0.4)
Operating expenses, 2024 fiscal year	112.5

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

Operating expenses for franchised locations decreased by \$4.9 million during the year, mainly due to a decrease of \$3.6 million in controllable expenses as well as a decrease of \$1.2 million in acquisition related transaction costs, and \$1.0 million lower expected credit loss provisions.

Controllable expenses decreased primarily due to the discontinuance of the rejuvenation program, reductions in wage from organizational improvements and lower professional and consulting fees from cost reduction initiatives that enhanced operational efficiency and streamlined operations. This overall decrease was partially offset by unfavourable foreign exchange impact of 1.1 million.

Expenses from corporate stores increased by \$0.7 million compared to the same period last year, primarily due to the acquisitions of Wetzel's Pretzels and Sauce Pizza and Wine in the first quarter of 2023, a unfavourable foreign exchange impact, higher wages and supply chain costs due to inflation.

The increases in food processing, distribution and retail expenses as well as the variation in 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, 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 and Adjusted EBITDA ⁽¹⁾	79.8	183.2	263.0
Segment profit and Adjusted EBITDA 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%

Fiscal year ended November 30, 2023			
<i>(In millions \$)</i>	Canada	US & International	Total
Revenue	387.9	781.4	1,169.3
Operating expenses	299.5	599.1	898.6
Segment profit and Adjusted EBITDA ⁽¹⁾	88.4	182.3	270.7
Segment profit and Adjusted EBITDA as a % of Revenue ⁽²⁾	23%	23%	23%
Transaction costs related to acquisitions ⁽⁴⁾	—	1.2	1.2
Normalized adjusted EBITDA ⁽¹⁾	88.4	183.5	271.9
Normalized adjusted EBITDA as a % of Revenue ⁽²⁾	23%	23%	23%

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

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 and Adjusted EBITDA ⁽¹⁾	201.4	44.8	16.8	—	—	263.0
Segment profit and Adjusted EBITDA 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%

Fiscal year ended November 30, 2023						
(In millions \$)	Franchise	Corporate	Processing, distribution and retail	Promotional funds	Intercompany transactions	Total
Revenue	396.9	494.0	163.0	121.5	(6.1)	1,169.3
Operating expenses	196.7	441.8	144.7	121.5	(6.1)	898.6
Segment profit and Adjusted EBITDA ⁽¹⁾	200.2	52.2	18.3	—	—	270.7
Segment profit and Adjusted EBITDA as a % of Revenue ⁽²⁾	50%	11%	11%	N/A	N/A	23%
Transaction costs related to acquisitions ⁽⁴⁾	1.2	—	—	—	—	1.2
Normalized adjusted EBITDA ⁽¹⁾	201.4	52.2	18.3	—	—	271.9
Normalized adjusted EBITDA as a % of Revenue ⁽²⁾	51%	11%	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 are included in Consulting and professional fees and Other as part of Operating expenses in the consolidated financial statements.

Several factors contributed to the variation, as listed below:

(In millions \$)	Canada	US & International	Total
Segment profit, 2023 fiscal year	88.4	182.3	270.7
Variance in recurring revenues and expenses ⁽¹⁾	(7.6)	(7.8)	(15.4)
Variance in turnkey, sales of material and services to franchisees and rent for franchising segment	(3.5)	0.5	(3.0)
Variance in initial franchise fees, renewal fees and transfer fees	0.9	1.0	1.9
Variance in expected credit loss provision	1.2	1.0	2.2
Variance due to acquisitions	—	1.2	1.2
Variance due to transaction costs related to acquisitions	—	1.2	1.2
Variance due to impact of IFRS 16 on rent revenue & expense	0.2	—	0.2
Variance in gift card breakage	—	1.8	1.8
Impact of variation in foreign exchange rates	—	1.5	1.5
Other non-material variations	0.2	0.5	0.7
Segment profit, 2024 fiscal year	79.8	183.2	263.0
Normalized adjusted EBITDA ⁽²⁾ , 2023 fiscal year	88.4	183.5	271.9
Variances in segment profit	(8.6)	0.9	(7.7)
Variance due to SAP project implementation costs	1.5	—	1.5
Variances in transaction costs related to acquisitions	—	(1.2)	(1.2)
Normalized adjusted EBITDA ⁽²⁾ , 2024 fiscal year	81.3	183.2	264.5

⁽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, 2024 was \$263.0 million, a decrease of 3% compared to the prior year, while normalized adjusted EBITDA was \$264.5 million, a decrease of 3% compared to the prior year. Canada contributed 31% of total normalized adjusted EBITDA a decrease of 8% or \$7.1 million compared to the prior year,

while the US & International normalized adjusted EBITDA remained stable at \$183.2 million. The overall decrease was primarily impacted by the decrease in recurring revenue streams, which were the result of lower system sales.

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

	Year ended (In thousands \$) November 30, 2024	Year ended November 30, 2023
Income before taxes	15,805	109,985
Depreciation – property, plant and equipment and right-of-use assets	59,949	54,934
Amortization – intangible assets	31,870	34,559
Interest on long-term debt	46,515	52,142
Net interest expense on leases	11,205	11,402
Impairment charge – right-of-use assets	1,259	428
Impairment charge – property, plant and equipment, intangible assets and goodwill	72,947	9,432
Unrealized and realized foreign exchange loss	21,763	2,632
Interest income	(627)	(1,048)
(Gain) loss on de-recognition/lease modification of lease liabilities	(407)	702
(Gain) loss on disposal of property, plant and equipment and intangible assets	(194)	1,448
Revaluation of financial liabilities and derivatives recorded at fair value	596	(3,676)
Restructuring	2,487	—
Gain on extinguishment of debt	(131)	—
Gain on contingent consideration from a business acquisition	—	(2,194)
Segment profit	263,037	270,746
SAP project implementation costs and transaction costs related to acquisitions ^(2 & 3)	1,495	1,158
Normalized adjusted EBITDA	264,532	271,904

⁽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 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 increased by \$5.0 million during the year ended November 30, 2024, due to the revaluation of the preliminary purchase price related to BBQ Holdings in the fourth quarter of 2023. The growth in corporate-owned locations year-over-year also contributed to the higher depreciation expense.

Amortization of intangible assets decreased by \$2.7 million due to the revaluation of the preliminary purchase price allocations done in 2023.

Interest on long-term debt decreased by \$5.6 million as a result of the Company entering into fixed interest rate swaps which have resulted in savings of US\$4.2 million (CAD\$5.8 million) during the first twelve months of 2024 compared to \$3.2 million in the same period last year. On June 4, 2024, the Company sold a fixed interest rate swap, realizing proceeds of \$6.6 million from this transaction. The cumulative gain will be recognized on a straight-line basis over a period equal to the original hedge date of April 10, 2026. The Company has also made net repayments of \$79.5 million of long-term debt since November 2023 resulting in lower interest.

During the twelve-month period ended November 30, 2024, the Company recognized impairment charges of \$10.1 million on its property, plant and equipment, related to corporate locations (2023 - \$0.2), \$22.3 million on its intangible assets, primarily related to the franchise rights and trademarks for twelve of its Canadian brands (2023 – \$9.2 million,

six brands) and an impairment on Goodwill of \$40.5 million (2023 – nil) 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 while the impairment on intangible assets was due to less than expected 2024 performance for some brands.

A weaker Canadian dollar relative to the US dollar resulted in a loss of \$21.8 million in the 2024 fiscal year compared to \$2.6 million last year. Most of this loss relates to intercompany loans and is offset by gain on translation on the consolidated statement of comprehensive income.

The Company has incurred restructuring costs of \$2.5 million as part of a strategic realignment to streamline operations and improve efficiency. These costs relate primarily to employee severance costs and in relation to the discontinuation of one of its brands.

Net income (loss)

For the year ended November 30, 2024, a net income attributable to owners of \$24.2 million was recorded, or \$1.01 per share (\$1.01 per diluted share) compared to a net income attributable to owners of \$104.1 million or \$4.26 per share (\$4.25 per diluted share) last year. Net income attributable to owners was mostly impacted by the impairment charge mentioned in section "Other income and expenses" as well as the lower normalized adjusted EBITDA described previously.

RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED NOVEMBER 30, 2024

Revenue

During the fourth quarter of 2024, the Company's total revenue increased to \$284.5 million, from \$280.0 million a year earlier. Revenues for the two segments of business are broken down as follows:

Segment	Subdivision	November 30, 2024	November 30, 2023	Variation
		(\$ millions)	(\$ millions)	
Canada	Franchise operation	39.4	41.5	(5%)
	Corporate stores	13.9	7.6	83%
	Food processing, distribution and retail	34.2	38.0	(10%)
	Promotional funds	11.4	11.0	4%
	Intercompany transactions	(3.3)	(3.7)	N/A
Total Canada		95.6	94.4	1%
US & International	Franchise operation	57.3	56.3	2%
	Corporate stores	111.4	111.4	0%
	Food processing, distribution and retail	0.6	0.3	100%
	Promotional funds	19.7	17.9	10%
	Intercompany transactions	(0.1)	(0.3)	N/A
Total US & International		188.9	185.6	2%
Total revenue		284.5	280.0	2%

Canada revenue analysis:

Revenue from franchise locations in Canada decreased by 5%. Several factors contributed to the variation, as listed below:

	<i>(In millions \$)</i>
Revenue, fourth quarter of 2023	41.5
Decrease in recurring revenue streams ⁽¹⁾	(1.0)
Increase in initial franchise fees, renewal fees and transfer fees	0.4
Decrease in turnkey, sales of material to franchisees and rent revenues	(1.4)
Other non-material variations	(0.1)
Revenue, fourth quarter of 2024	39.4

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

During the fourth quarter of 2024, recurring revenue streams decreased by \$1.0 million, primarily due to one-time revenues recorded in 2023 related to insurance proceeds and royalty adjustments which did not reoccur in 2024. Revenue related to turnkey, sales of material to franchisees and rent revenues also decreased by \$1.4 million on account of a reduction in turnkey projects.

Revenue from corporate-owned locations increased by 83% to \$13.9 million during the quarter due to a net increase in corporate-owned locations year-over-year as well as a shift in the mix of restaurant concepts in the segment with an increase in casual dining restaurants over prior year..

Food processing, distribution and retail revenues decreased by 10% due to lower sales in the retail segment, which are the result of market conditions and grocers' increased focus on promoting house labels. In the fourth quarter of 2024, however, the Company sold 163 products in the Canadian retail market (2023 – 182 products) despite these constraints.

The promotional fund revenue increased by 4% due to the increase in system sales as well as the impact of the various contribution rates.

US & International revenue analysis:

Revenue from franchise locations in the US and International increased by 2%. Several factors contributed to the variation, as listed below:

	<i>(In millions \$)</i>
Revenue, fourth quarter of 2023	56.3
Decrease in recurring revenue streams ⁽¹⁾	(0.8)
Increase in sales of material and services to franchisees	0.3
Increase in gift card breakage income	1.0
Impact of variation in foreign exchange rates	0.5
Revenue, fourth quarter of 2024	57.3

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

During the fourth quarter of 2024, franchise revenues increased by \$1.0 million mostly due to an increase in gift card breakage of \$1.0 million as well as a variation in foreign exchange rates which had a favourable impact of \$0.5 million. This was partially offset by a decrease in recurring revenue streams which decreased by \$0.8 million. Royalties as a % of sales decreased for the quarter from 5.12% to 4.95% as a result of a shift in system sales which had 53 weeks reported in 2024 versus 52 weeks in 2023.

The increase in food processing, distribution and retail revenue is the result of the expansion of our retail line.

The promotional fund revenue increased by 10% due to the increase in system sales as well as the impact of the various contribution rates.

Operating expenses

During the fourth quarter of 2024, operating expenses increased by 3% to \$225.7 million, from \$219.6 million a year ago. Operating expenses for the two business segments were incurred as follows:

Segment	Subdivision	November 30, 2024	November 30, 2023	Variation
		(\$ millions)	(\$ millions)	
Canada	Franchise operation	20.7	22.8	(9%)
	Corporate stores	14.3	8.3	72%
	Food processing, distribution and retail	30.9	34.1	(9%)
	Promotional funds	11.4	11.0	4%
	Intercompany transactions	(0.5)	(0.7)	N/A
Total Canada		76.8	75.5	2%
US & International	Franchise operation	27.3	29.3	(7%)
	Corporate stores	104.6	100.2	4%
	Food processing, distribution and retail	0.2	—	N/A
	Promotional funds	19.7	17.9	10%
	Intercompany transactions	(2.9)	(3.3)	N/A
Total US & International		148.9	144.1	3%
Total operating expenses		225.7	219.6	3%

Canada operating expenses analysis:

Operating expenses from franchise locations in Canada decreased by \$2.1 million, due to several factors listed below:

	(In millions \$)
Operating expenses, fourth quarter of 2023	22.8
Decrease in turnkey cost, cost of sale of material and services to franchisees and rent	(1.0)
Decrease in recurring controllable expenses ⁽¹⁾ including wages, professional and consulting services and other office expenses	(0.6)
Increase in SAP project implementation costs	0.6
Decrease in expected credit loss provision	(1.1)
Decrease due to impact of IFRS 16 on impairment of lease receivables	(0.1)
Other non-material variations	0.1
Operating expenses, fourth quarter of 2024	20.7

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

Operating expenses decreased by \$2.1 million, primarily due to reductions in the expected credit loss provision, which declined by \$1.1 million compared to the same period last year as well as lower turnkey project costs which are aligned with the decline in revenues. Controllable expenses decreased due to a reduction in wages as a results of restructuring initiatives put into place in 2024. This was offset by the increase of \$0.6 million in SAP implementation costs as part of a long term strategy improve operational efficiency, have greater scalability and flexibility and increase data-driven decision making.

Expenses from corporate stores increased by \$6.0 million compared to the same period last year primarily due to a net increase in corporate-owned locations year-over-year and in part due to higher wages and supply chain costs due to inflation. The cost increase is tightly correlated to the increase in revenues.

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

US & International operating expenses analysis:

Operating expenses from franchise locations in the US & International decreased by 7%. Several factors contributed to the variation, as listed below:

	(In millions \$)
Operating expenses, fourth quarter of 2023	29.3
Decrease in non-controllable expenses ⁽¹⁾	(0.5)
Decrease in cost of sale of material and services to franchisees and rent	(1.5)
Increase in recurring controllable expenses ⁽¹⁾ including wages, professional and consulting services and other office expenses	0.1
Decrease in expected credit loss provision	(0.6)
Increase due to impact of IFRS 16 on rent expense	0.2
Impact of variation in foreign exchange rates	0.6
Other non-material variations	(0.3)
Operating expenses, fourth quarter of 2024	27.3

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

Operating expenses for franchise locations decreased to \$27.3 million from \$29.3 million during the fourth quarter of 2024. This decrease was primarily driven by a \$1.5 million reduction in the cost of materials, services provided to franchisees and rent, reflecting lower gift card program costs and lower rent expense. The Company also had \$0.6 million lower expected credit loss provisions. The overall decrease was partially offset by unfavourable foreign exchange impact of \$0.6 million.

Corporate store expenses increased to \$104.6 million, from \$100.2 million compared to the same period last year, mostly due to higher wages and supply chain costs due to inflation.

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, 2024			
(In millions \$)	Canada	US & International	Total
Revenue	95.6	188.9	284.5
Operating expenses	76.8	148.9	225.7
Segment profit, Adjusted EBITDA and Normalized adjusted EBITDA ⁽¹⁾	18.8	40.0	58.8
Segment profit, Adjusted EBITDA and Normalized adjusted EBITDA 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%

Three-month period ended November 30, 2023			
(In millions \$)	Canada	US & International	Total
Revenue	94.4	185.6	280.0
Operating expenses	75.5	144.1	219.6
Segment profit, Adjusted EBITDA and Normalized adjusted EBITDA ⁽¹⁾	18.9	41.5	60.4
Segment profit, Adjusted EBITDA and Normalized adjusted EBITDA as a % of Revenue ⁽²⁾	20%	22%	22%

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

Three-month period ended November 30, 2024						
(In millions \$)	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, Adjusted EBITDA and Normalized adjusted EBITDA ⁽¹⁾	48.7	6.4	3.7	—	—	58.8
Segment profit, Adjusted EBITDA and Normalized adjusted EBITDA 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%

Three-month period ended November 30, 2023						
(In millions \$)	Franchise	Corporate	Processing, distribution and retail	Promotional funds	Intercompany transactions	Total
Revenue	97.8	119.0	38.3	28.9	(4.0)	280.0
Operating expenses	52.1	108.5	34.1	28.9	(4.0)	219.6
Segment profit, Adjusted EBITDA and Normalized adjusted EBITDA ⁽¹⁾	45.7	10.5	4.2	—	—	60.4
Segment profit, Adjusted EBITDA and Normalized adjusted EBITDA as a % of Revenue ⁽²⁾	47%	9%	11%	N/A	N/A	22%

⁽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 2023	18.9	41.5	60.4
Variance in recurring revenues and expenses ⁽¹⁾	(0.5)	(5.6)	(6.1)
Variance in turnkey, sales of material and services to franchisees and rent for franchising segment	(1.4)	1.9	0.5
Variance in initial franchise fees, renewal fees and transfer fees	0.4	—	0.4
Variance in expected credit loss provision	1.1	0.6	1.7
Variance due to transaction costs related to acquisitions	—	0.1	0.1
Variance due to impact of IFRS 16 on rent revenue & expense	0.1	(0.1)	—
Variance in gift card breakage	—	1.0	1.0
Impact of variation in foreign exchange rates	—	0.3	0.3
Other non-material variations	0.2	0.3	0.5
Segment profit, fourth quarter of 2024	18.8	40.0	58.8
Normalized adjusted EBITDA ⁽²⁾ , fourth quarter of 2023	18.9	41.5	60.4
Variances in segment profit	(0.1)	(1.5)	(1.6)
Variances due to SAP project implementation costs	0.6	—	0.6
Normalized adjusted EBITDA ⁽²⁾ , fourth quarter of 2024	19.4	40.0	59.4

⁽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, 2024 was \$58.8 million, a decrease of \$1.6 million compared to the same period last year, while normalized adjusted EBITDA was \$59.4 million, a decrease of \$1.1 million or 2% compared to the prior year. Canada contributed 33% of total normalized adjusted EBITDA and an increase of 3% or \$0.5 million compared to the same period last year, while the US & International normalized adjusted EBITDA decreased by \$1.5 million. The fluctuation in normalized adjusted EBITDA was primarily impacted by the changes in recurring revenue streams.

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

	Quarter ended (In thousands \$) November 30, 2024	Quarter ended November 30, 2023
(Loss) income before taxes	(71,205)	14,865
Depreciation – property, plant and equipment and right-of-use assets	15,276	11,746
Amortization – intangible assets	8,253	8,054
Interest on long-term debt	10,427	12,450
Net interest expense on leases	2,821	2,938
Impairment charge – right-of-use assets	1,145	154
Impairment charge – property, plant and equipment, intangible and goodwill	64,565	9,432
Unrealized and realized foreign exchange loss	26,284	2,652
Interest income	(100)	(233)
(Gain) loss on de-recognition/lease modification of lease liabilities	(259)	20
Loss on disposal of property, plant and equipment and intangible assets	552	1,063
Revaluation of financial liabilities and derivatives recorded at fair value	240	(582)
Restructuring	797	—
Gain on contingent consideration from a business acquisition	—	(2,194)
Segment profit	58,796	60,365
SAP project implementation costs ⁽²⁾	623	—
Normalized adjusted EBITDA	59,419	60,365

⁽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 increased by \$3.5 million due to the revaluation of the preliminary purchase price related to BBQ Holdings in the fourth quarter of 2023. The growth in corporate-owned locations year-over-year also contributed to the higher depreciation expense.

Interest on long-term debt decreased by \$2.0 million as a result net repayments of \$79.5 million of long-term debt since November 2023 resulting in lower interest. The Company also continues to enter into fixed rate interest swaps which have resulted in savings of US\$0.7 million (CAD\$1.0 million).

During the fourth quarter of 2024, the Company recognized impairment charges of \$5.3 million (2023 – \$0.2 million) on its property, plant and equipment, primarily related to corporate locations and \$18.8 million on its intangible assets, primarily related to the trademarks and franchise rights for twelve brands (2023 – \$9.2 million and six brands). The Company recognized an impairment on Goodwill of \$40.5 million (2023 - nil) 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 while the impairment on intangible assets was due to less than expected 2024 performance for some brands.

During the fourth quarter of 2024, the Company recorded a loss of \$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.

The Company has incurred restructuring costs of \$0.8 million as part of a strategic realignment to streamline operations and improve efficiency. These costs relate primarily to employee severance costs to the discontinuation of one of its brands.

Net income (loss)

For the three months ended November 30, 2024, a net loss attributable to owners of \$55.3 million was recorded, or \$2.34 per share (\$2.34 per diluted share) compared to net income of \$16.4 million or \$0.67 per share (\$0.67 per diluted share) last year. Net loss attributable to owners was mostly impacted by the impairment charged mentioned in section "Other income and expenses" as well as the lower normalized adjusted EBITDA described previously.

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	
(In millions \$)	Months	Months	Months	Months	Months	Months	Thereafter
	\$	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	134.4	—	—	—	—	—	—
Long-term debt ⁽¹⁾	3.7	—	—	704.6	—	—	—
Interest on long-term debt ^(2, 3 & 4)	20.7	21.0	41.8	17.3	—	—	—
Lease liabilities	67.2	67.2	116.5	97.3	76.2	55.0	118.3
Total contractual obligations	226.0	88.2	158.3	819.2	76.2	55.0	118.3

⁽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, contingent considerations on acquisition, 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.

⁽⁴⁾ Revolving credit facility was extended on March 15, 2024 for a period of 3 years and will mature on March 15, 2027.

LIQUIDITY AND CAPITAL RESOURCES

As at November 30, 2024, the amount held in cash totaled \$50.4 million, a decrease of \$8.5 million since the end of the 2023 fiscal period.

During the year ended November 30, 2024, MTY paid \$26.8 million, (2023 – \$24.4 million) in dividends to its shareholders and repurchased and cancelled 906,900 of its shares (2023 – 80,800) for \$41.8 million (2023 – \$4.2 million) through its NCIB.

During the year ended November 30, 2024, cash flows generated by operating activities were \$204.8 million, compared to \$184.6 million in the same period last year. The increase is mainly attributable to fluctuations in income taxes paid and non-cash working capital items. Excluding the variations in non-cash working capital items, income taxes, interest paid and other, operations generated \$261.8 million, compared to \$274.8 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, 2023 – \$900.0 million), an accordion feature of \$300.0 million (November 30, 2023 – \$300.0 million) and matures on March 15, 2027. As at November 30, 2024, CAD\$8.0 million and US\$497.2 million was drawn from the revolving credit facility (November 30, 2023 – US\$558.0 million).

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 March 15, 2027.

As at November 30, 2024, 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

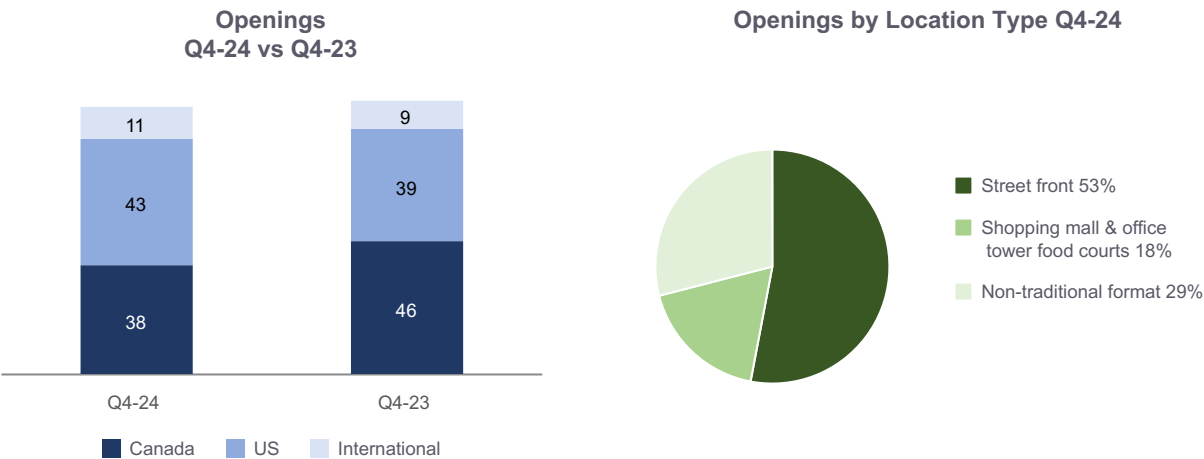
MTY's locations can be found in: i) food courts and shopping malls; ii) street front; and iii) non-traditional format within petroleum retailers, convenience stores, grocery stores, cinemas, amusement parks, in other venues or retailers shared sites, hospitals, universities and airports. The non-traditional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

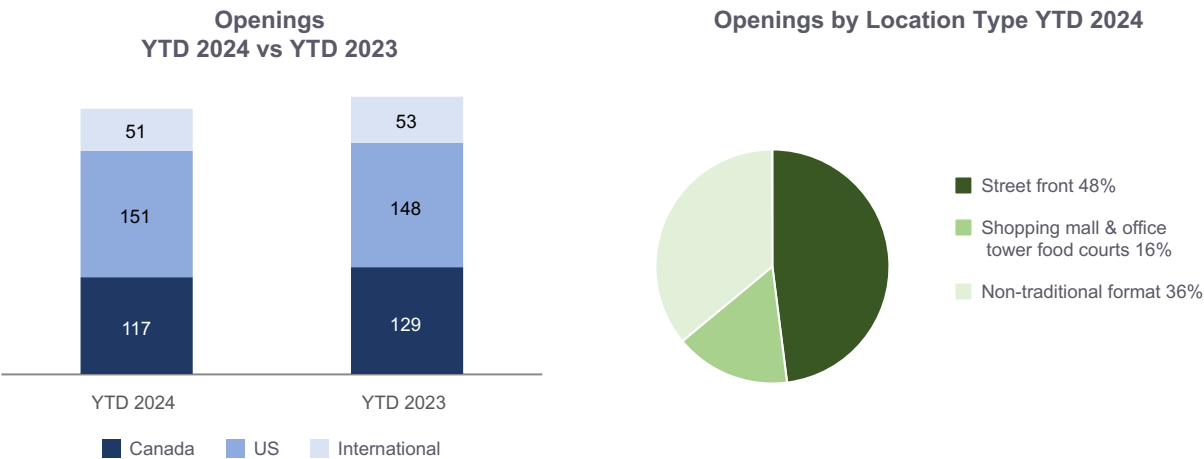
	Three months ended November 30,		Twelve months ended November 30,	
	2024	2023	2024	2023
Franchises, beginning of the period	6,830	6,895	6,897	6,589
Corporate-owned, beginning of the period				
Canada	52	43	43	41
US	184	181	176	158
Total, beginning of the period	7,066	7,119	7,116	6,788
Opened during the period	92	94	319	330
Closed during the period	(79)	(97)	(356)	(381)
Acquired during the period	—	—	—	379
Total, end of the period	7,079	7,116	7,079	7,116
Franchises, end of the period			6,827	6,897
Corporate-owned, end of the period				
Canada			52	43
US			200	176
Total, end of the period			7,079	7,116

Openings

During the fourth quarter of 2024, the Company’s network opened 92 locations (2023 – 94 locations). The breakdown by geographical location and by location type is as follows:

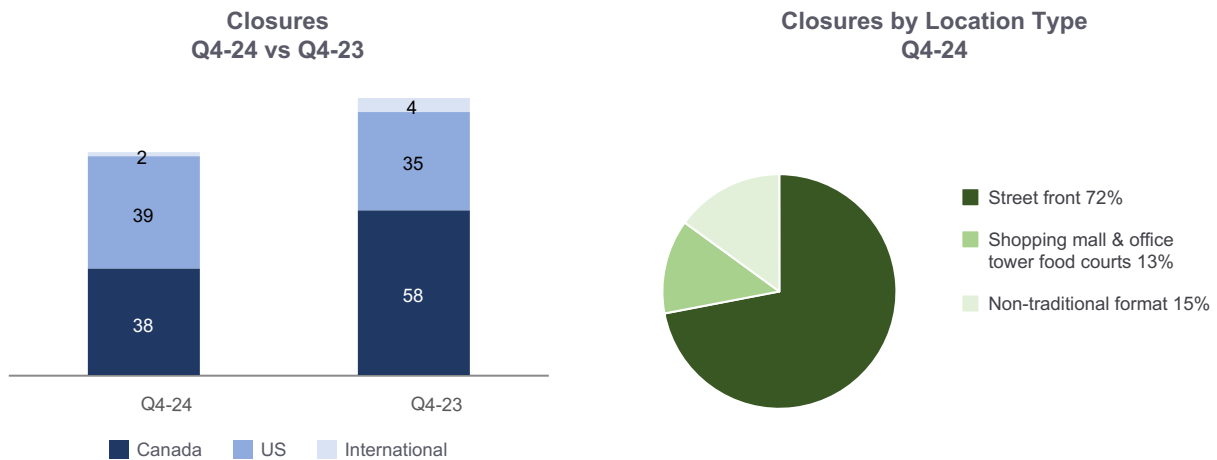


During the year ended November 30, 2024, the Company’s network opened 319 locations (2023 – 330 locations). The breakdown by geographical location and by location type is as follows:



Closures

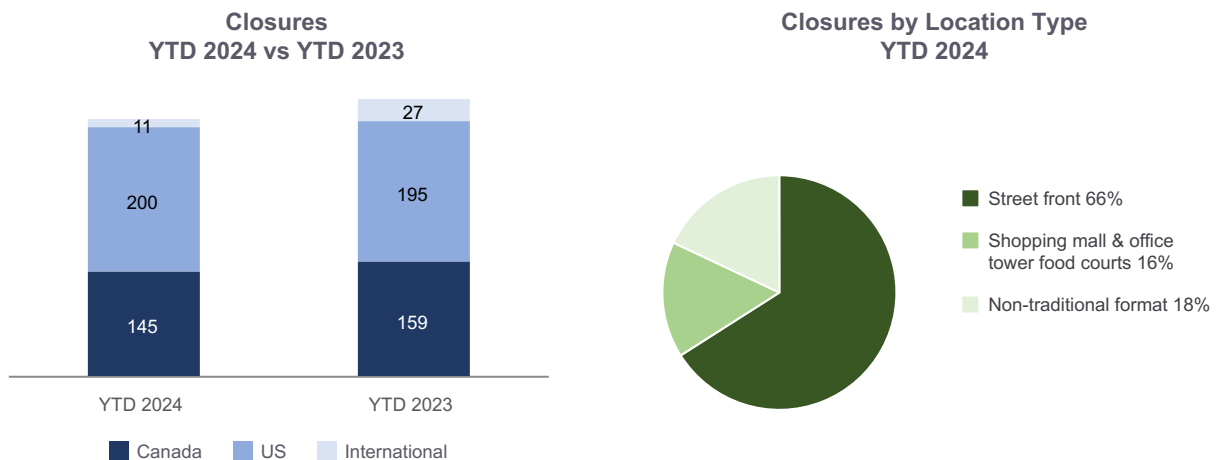
During the fourth quarter of 2024, the Company's network closed 79 locations (2023 – 97 locations). The breakdown by geographical location and by location type is as follows:



The average monthly sales of a newly opened location compared to a closed location by type is as follows:

Location type	(in thousands \$)	New opening	Closure
Street front		57.7	45.5
Shopping mall & office tower food courts		37.7	32.4
Non-traditional format		35.8	16.0

During the year ended November 30, 2024, the Company's network closed 356 locations (2023 – 381 locations). The breakdown by geographical location and by location type is as follows:



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

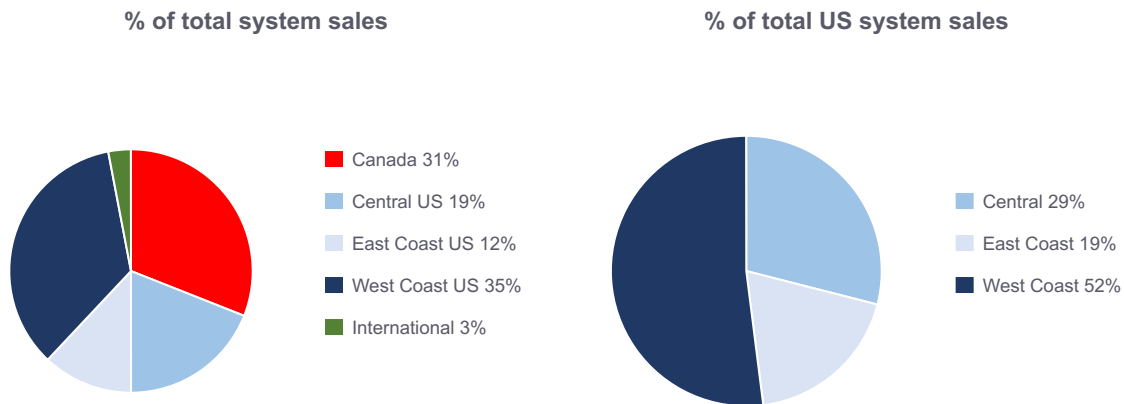
Location type	% of location count		% of system sales Twelve months ended	
	November 30,		November 30,	
	2024	2023	2024	2023
Shopping mall & office tower food courts	16%	16%	15%	15%
Street front	62%	63%	76%	76%
Non-traditional format	22%	21%	9%	9%

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,		November 30,	
	2024	2023	2024	2023
Canada	35%	35%	31%	32%
US	57%	58%	66%	65%
International	8%	7%	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), Oregon (US) and Florida (US) with 4% each.

The geographical distribution of system sales is as follows:



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,		November 30,	
	2024	2023	2024	2023
Quick service restaurant	79%	80%	63%	61%
Fast casual	11%	10%	9%	10%
Casual dining	10%	10%	28%	29%

System sales

During the the three and twelve months ended-month periods ended November 30, 2024, MTY's network generated \$1,371.9 million and \$5,635.7 million in sales, respectively. The breakdown of system sales is as follows:

(millions of \$)	Canada	US	International	TOTAL
First quarter of 2024	415.9	878.5	37.3	1,331.7
First quarter of 2023	423.9	901.2	37.4	1,362.5
Variance	(2%)	(3%)	(0%)	(2%)
Second quarter of 2024	436.3	983.6	39.5	1,459.4
Second quarter of 2023	450.1	980.1	39.8	1,470.0
Variance	(3%)	0%	(1%)	(1%)
Third quarter of 2024	456.8	973.8	42.1	1,472.7
Third quarter of 2023	473.2	952.8	41.1	1,467.1
Variance	(3%)	2%	2%	0%
Fourth quarter of 2024	441.6	893.8	36.5	1,371.9
Fourth quarter of 2023	437.0	869.3	35.3	1,341.6
Variance	1 %	3%	3%	2%
Year-to-date 2024	1,750.6	3,729.7	155.4	5,635.7
Year-to-date 2023	1,784.2	3,703.4	153.6	5,641.2
Variance	(2%)	1%	1%	(0%)

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 – 2023	437.0	869.3	35.3	1,341.6	1,784.2	3,703.4	153.6	5,641.2
Net increase in sales generated by concepts acquired during the last 24 months	—	—	—	—	0.1	8.3	0.1	8.5
Net variance in system sales	4.6	18.1	0.9	23.6	(33.7)	(16.5)	0.2	(50.0)
Cumulative impact of foreign exchange variation	—	6.4	0.3	6.7	—	34.5	1.5	36.0
Reported sales – 2024	441.6	893.8	36.5	1,371.9	1,750.6	3,729.7	155.4	5,635.7

System sales for the three-month period ended November 30, 2024 increased by \$30.3 million compared to the same period last year. The US and international segment had overall positive system sales of \$25.7 million, or 3% for the quarter while Canada saw an organic growth of 1% or \$4.6 million. Canada's increase came mostly from the casual dining segment concepts with an improvement of 3% compared to prior year, while the fast casual saw a dip of 3%. Removing the impact of foreign exchange, which contributed to \$6.4 million of the growth in the US segment, the US saw an increase of \$18.1 million stemming from organic growth mostly from the QSR segment. The snack category, with brands such as Cold Stone, Wetzel Pretzel's and SweetFrog, continued to outperform prior year.

For the twelve-month period ended November 30, 2024 system sales were slightly down by \$5.5 million or less than 1% compared to 2023. Excluding the acquisitions of Wetzel's Pretzels and Sauce Pizza and Wine, system sales for the network decreased by \$14.0 million, again less than 1%, with the US regions contributing to almost the entirety of the decline.

Papa Murphy's and Cold Stone Creamery continue to be the only concepts that currently represent more than 10% of system sales, generating approximately 18% and 16% respectively 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, 2024, same-store sales was consistent with prior year. By region, same-store sales were broken down as follows for the last eight quarters:

Region	Three months ended							
	February 2023	May 2023	August 2023	November 2023	February 2024	May 2024	August 2024	November 2024
Canada	18.1 %	6.1 %	3.4 %	(1.2)%	(2.7)%	(3.6)%	(3.9)%	(0.1)%
US	5.2 %	3.6 %	2.0 %	(0.5)%	(3.6)%	(1.0)%	(1.1)%	0.1 %
International	(3.0)%	1.7 %	(0.3)%	(3.8)%	(7.4)%	(8.1)%	(7.0)%	(2.3)%
Total	10.1 %	4.7 %	2.6 %	(0.9)%	(3.3)%	(2.1)%	(2.3)%	0.0 %

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

In the fourth quarter of 2024, same-store sales were positive in the US segment by 0.1% while Canada saw a slight decrease of 0.1%. The increase is consistent with the increase seen in system sales and is stemming primarily from a increases in the QSR and fast casual segments.

By restaurant type ⁽¹⁾, same-store sales were broken down as follows for the twelve months ended months ended November 30, 2024 and 2023:

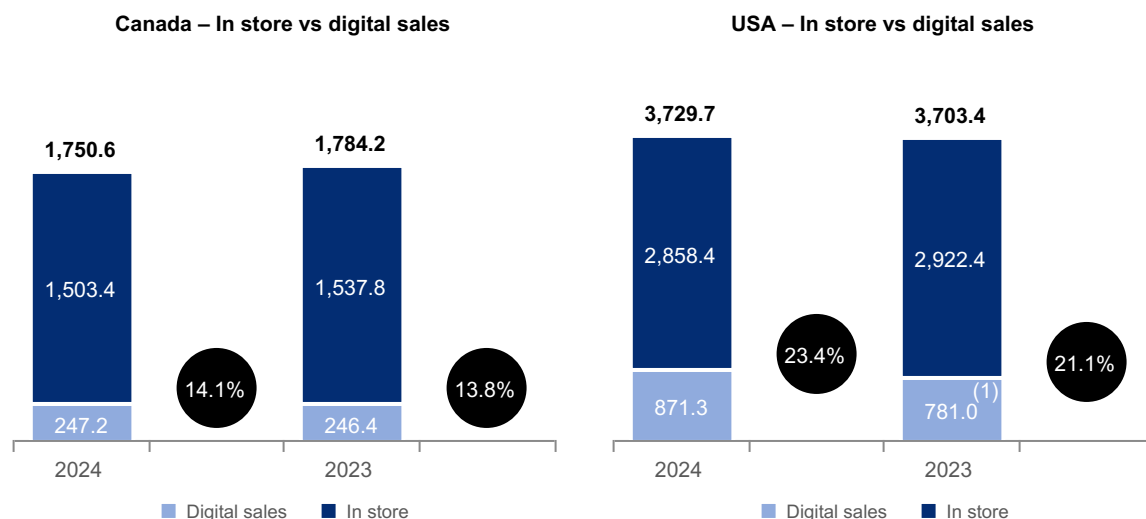
	Three months ended November 30		Twelve months ended November 30	
	2024	2023	2024	2023
Quick service restaurant	(1.4)%	2.8 %	(2.1)%	10.9 %
Fast casual	(2.6)%	(4.4)%	(6.4)%	(0.3)%
Casual	2.4 %	(1.6)%	(1.2)%	6.7 %
Canada	(0.1)%	(1.2)%	(2.5)%	5.5 %
Quick service restaurant	1.6 %	0.4 %	(0.3)%	3.0 %
Fast casual	2.9 %	(2.1)%	0.9 %	1.0 %
Casual	(4.6)%	(3.3)%	(4.4)%	(2.5)%
US	0.1 %	(0.5)%	(1.3)%	2.5 %
Quick service restaurant	(2.7)%	(4.9)%	(6.7)%	(3.0)%
Fast casual	(2.8)%	13.9 %	(4.9)%	11.2 %
Casual	8.9 %	(10.8)%	(3.4)%	0.6 %
International	(2.3)%	(3.8)%	(6.5)%	(2.0)%

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

In the fourth quarter of 2024, quick service restaurant and fast casual restaurant remained resilient in the US with comparable same-store sales year-over-year. The brands in these divisions are a great option for customers looking for attractive but affordable menu options during economic uncertainty. The Canadian casual segment also saw an uplift in sales with improvement in same-store sales of 2.4%.

Digital sales

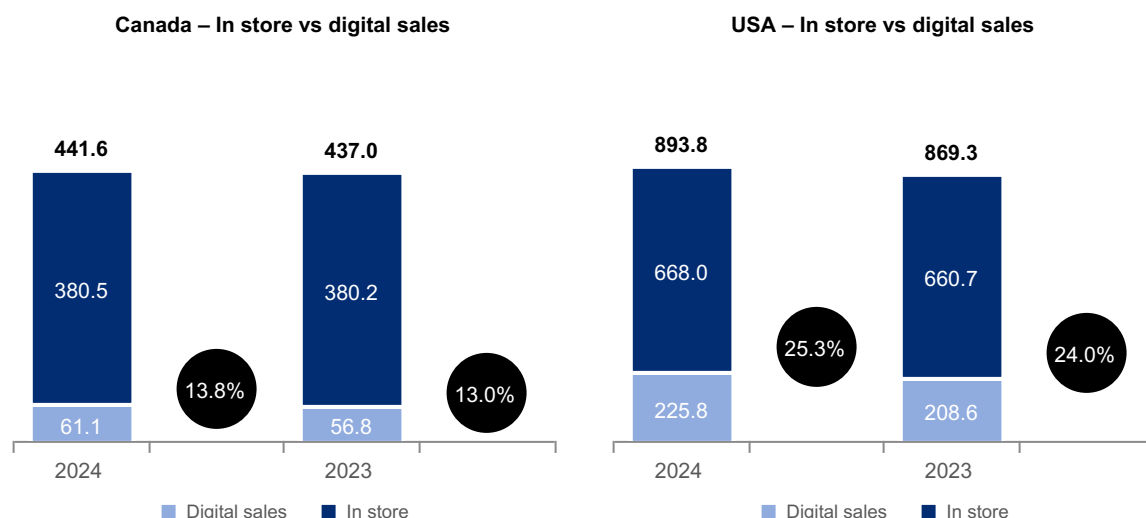
System sales versus digital sales breakdown is as follows for the year ended November 30, 2024 and 2023:



⁽¹⁾ US digital sales of the first quarter of 2023 missing digital sales of approximately 200 locations due to unavailability of information.

Digital sales for the year ended November 30, 2024 increased by 9% compared to the same period last year, including the impact of foreign exchange rates, from \$1,027.4 million to \$1,118.5 million, and represented 20% of total sales, compared to 19% in the same period last year. Excluding the impact of foreign exchange and acquisitions, digital sales grew by 8% in the period. The US saw an increase of \$90.3 million or 12% compared to prior year mainly as a result of shifts in consumer behavior as MTY continues to invest and improve the online experience. Canadian digital sales increased by \$0.8 million during the twelve-month period mainly due to the overall increase in system sales. The QSR segment had the largest impact on Canada with online orders increasing by 23%.

System sales versus digital sales breakdown is as follows for the three months ended November 30, 2024 and 2023:



Digital sales for the fourth quarter of 2024 increased by 8% compared to the same period last year, including the impact of foreign exchange rates, from \$265.4 million to \$286.9 million, and represented 21% of total sales, compared to 20% in the same period last year. Excluding the impact of foreign exchange, digital sales grew by 7% in the quarter. Canadian digital sales increased by 8% compared to prior year, while US digital sales saw a growth of \$17.2 million or 8%. First party online sales in Canada and the US represented 25% and 63%, respectively, of total digital sales for the quarter compared to 26% and 64% in 2023.

CAPITAL STOCK INFORMATION

Stock options

As at November 30, 2024, there were 400,000 options outstanding and 333,332 that were exercisable.

Share trading

MTY's stock is traded on the Toronto Stock Exchange ("TSX") under the ticker symbol "MTY". From December 1, 2023 to November 30, 2024, MTY's share price fluctuated between \$40.45 and \$59.80. On November 30, 2024, MTY's shares closed at \$47.75.

Capital stock

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

As at February 13, 2025, the Company's issued and outstanding capital stock consisted of 23,192,861 shares (November 30, 2023 – 24,332,661) and 400,000 granted and outstanding stock options (November 30, 2023 – 440,000). During the twelve months ended November 30, 2024, MTY repurchased 314,700 and 906,900 shares, respectively, (2023 – 80,800) for cancellation through its NCIB.

Normal Course Issuer Bid Program

On June 28, 2024, the Company announced the renewal of the NCIB. The NCIB began on July 3, 2024 and will end on July 2, 2025 or on such earlier date when the Company completes its purchases or elects to terminate the NCIB. The renewed period allows the Company to purchase 1,196,513 of its common shares. These purchases will be made on the open market plus brokerage fees through the facilities of the TSX and/or alternative trading systems at the prevailing market price at the time of the transaction, in accordance with the TSX's applicable policies. All common shares purchased pursuant to the NCIB will be cancelled.

During the three and twelve months ended-month periods ended November 30, 2024, the Company repurchased and cancelled a total of 314,700 and 906,900 common shares, respectively, (2023 – 80,800) under the current NCIB, at a weighted average price of \$45.26 and \$46.36 per common share, respectively, (2023 – \$51.58), for a total consideration of \$14.0 million and \$41.8 million, respectively, (2023 – \$4.2 million). An excess of \$10.2 million and \$30.6 million, respectively, (2023 – \$3.2 million) of the shares' repurchase value over their carrying amount was charged to retained earnings as share repurchase premiums.

SUBSEQUENT EVENT

Dividends

On January 22, 2025, the Company announced an increase to its quarterly dividend payment, from \$0.28 per common share to \$0.33 per common share. The dividend of \$0.33 per common share will be paid on February 14, 2025.

Grant of stock options

On January 16, 2025, the Company granted 40,000 stock options for an option price of \$45.20 per share. The options will vest and be exercisable as to one third of the grant on August 1, 2025, August 1, 2026 and August 1, 2027. The options will expire on February 28, 2028.

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 US market, varies significantly during the winter season as a result of weather conditions. This risk is offset by other brands that have better performance during winter seasons such as Papa Murphy's, which typically does better during winter months. Sales for shopping mall locations are also higher than average in December during the holiday shopping period.

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, 2023 – \$4.7 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 \$12.5 million as at November 30, 2024 (November 30, 2023 – \$16.4 million). In addition, the Company could be required to make payments for percentage rents, realty taxes and common area costs. As at November 30, 2024, the Company has accrued \$1.6 million (November 30, 2023 – \$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.

During the years ended November 30, 2024 and 2023, the Company recognized impairment charges on its property, plant and equipment (Note 15 of the consolidated financial statements). The total impairment on property, plant and equipment of \$10.1 million (2023 – \$0.2 million) represents a write-down of the carrying value of the leasehold improvements and equipment to their fair value less cost of disposal, which was higher than their value in use.

During the years ended November 30, 2024 and 2023, the Company also recognized impairment charges on its right-of-use assets (Note 11 of the consolidated financial statements) of \$1.3 million and \$0.4 million, respectively.

Business combinations

For business combinations, the Company must make assumptions and estimates to determine the purchase price accounting of the business being acquired. To do so, the Company must determine, as of the acquisition date, the fair value of the identifiable assets acquired, including such intangible assets as franchise rights and master franchise rights, trademarks, step-in rights and liabilities assumed. Among other things, the determination of these fair market values involves the use of key assumptions such as projected system sales, operating cash flows, discount rates, royalty rates and average term life. Goodwill is measured as the excess of the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree over the net recognized amount of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date. These assumptions and estimates have an impact on the asset and liability amounts recorded in the statement of financial position on the acquisition date. In addition, the estimated useful lives of the acquired amortizable assets, the identification of intangible assets and the determination of the indefinite or finite useful lives of intangible assets acquired will have an impact on the Company's future profit or loss.

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, 2024, that have a significant risk of causing a material adjustment to the carrying amount 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 property, plant and equipment, right-of-use assets, goodwill, trademarks and franchise rights.

In testing for impairment of property, plant and equipment and right-of-use assets, the Company determined that its CGUs mostly comprise of individual stores or groups of stores and the assets are thereby allocated to each CGU.

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 year ended November 30, 2024, the Company recognized impairment charges of \$22.3 million (2023 – \$9.2 million) on its franchise rights, trademarks and other intangible assets (Note 15 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. 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 years ended November 30, 2024, the Company recognized impairment charges of \$40.5 million on its goodwill (Note 15 of the consolidated financial statements). During the year ended November 30, 2023, no impairment charge on goodwill was required.

CHANGES IN ACCOUNTING POLICIES

Policies applicable beginning December 1, 2023

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

In February 2021, the International Accounting Standard Board ("IASB") issued *Definition of Accounting Estimates (Amendments to IAS 8)* with amendments that are intended to help entities to distinguish between accounting policies and accounting estimates. The changes to IAS 8 focus entirely on accounting estimates and clarify that: the definition of a change in accounting estimates is replaced with a new definition. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. A change in accounting estimate that results from new information or new developments is not the correction of an error; and a change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods.

The amendments to IAS 8 were adopted effective December 1, 2023 and resulted in no significant adjustment.

IAS 12, Income Taxes

In May 2021, the IASB published *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)* that clarifies how companies account for deferred tax on transactions such as leases and decommissioning obligations. The main change is an exemption from the initial recognition exemption, which does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.

The amendments to IAS 12 were adopted effective December 1, 2023 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, 2024 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 1	Presentation of Financial Statements	January 2020, July 2020, February 2021 & October 2022	December 1, 2024	In assessment
IFRS 16	Leases	September 2022	December 1, 2024	In assessment
IAS 21	The Effects of Changes in Foreign Exchange Rates	August 2023	December 1, 2025	In assessment
IFRS 18	Presentation and Disclosure of Financial Statements	April 2024	December 1, 2028	In assessment
IFRS 9 & IFRS 7	Financial Instruments & Financial Instruments and Disclosures	May 2024	December 1, 2026	In assessment

IAS 1, Presentation of Financial Statements

In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments in *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* affect only the presentation of liabilities in the statement of financial position, not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items.

In July 2020, the IASB published *Classification of Liabilities as Current or Non-current – Deferral of Effective Date (Amendment to IAS 1)* deferring the effective date of the January 2020 amendments to IAS 1 by one year.

In February 2021, the IASB issued *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. An entity is now required to disclose its material accounting policy information instead of its

significant accounting policies and several paragraphs are added to IAS 1 to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material. The amendments also clarify that: accounting policy information may be material because of its nature, even if the related amounts are immaterial; accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

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

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

IFRS 16, Leases

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

IAS 21, The Effects of Changes in Foreign Exchange Rates

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

IFRS 18 Presentation and Disclosure in Financial Statements

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

IFRS 9 Financial Instruments and IFRS 7 Financial Instrument Disclosures

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

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. 2021, 2022 and 2023 saw a shortage of qualified workers, as well as an increase in labour costs due to competition and increased wages which have persisted into 2024. 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, 2024 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, 2024 and November 30, 2023. 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:

	(In thousands \$)		2024		2023	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$		
Financial assets						
Loans and other receivables	3,994	3,994	5,389	5,389		
Finance lease receivables	307,804	307,804	333,706	333,706		
Financial liabilities						
Long-term debt ⁽¹⁾	706,130	706,130	759,134	759,134		

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

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 29, 2024, the Company entered into one floating to floating 3-month cross currency interest rate swap (November 30, 2023 – one floating to floating 3-month cross currency interest rate swap and one floating to floating 2-month cross currency interest rate swap). A derivative liability fair value of \$3.1 million was recorded as at November 30, 2024 (November 30, 2023 – derivative liability of \$2.6 million) in the current portion of derivative liabilities in the consolidated statements of financial position. The Company has classified this as level 2 in the fair value hierarchy.

	2024		2023	
	3-month	3-month	2-month	
Receive – Notional	US\$190.0 million	US\$51.1 million	US\$142.9 million	
Receive – Rate	6.51%	7.14%	7.14%	
Pay – Notional	CA\$262.0 million	CA\$70.0 million	CA\$196.0 million	
Pay – Rate	5.43%	6.66%	6.59%	

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 gain of \$0.2 million was recorded in the Company's consolidated statement of comprehensive income for the year ended November 30, 2024 (2023 – fair value remeasurement gain of \$6.3 million).

On June 4, 2024, the Company sold the fixed interest rate swap, realizing proceeds of \$6.6 million from this transaction. A derivative asset fair value of nil was recorded as at November 30, 2024 (2023 – \$6.6 million). The Company had classified this as level 2 in the fair value hierarchy and had designated this as a cash flow hedge of the Company's interest rate risk from its credit facility. Under the terms of this swap, the interest rate was fixed at 3.32%. 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. During the year, the Company recorded a gain of \$1.7 million in the consolidated statement of income related to this amortization.

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 ends on May 30, 2025. Under the terms of this swap, the interest rate is fixed at 3.64%, unless the 1-month term SOFR exceeds 5.50%; if the 1-month term SOFR exceeds 5.50%, the Company will pay the 1-month term SOFR. A derivative asset fair value of \$0.5 million was recorded as at November 30, 2024 (November 30, 2023 – \$1.3 million). The Company has classified this as level 2 in the fair value hierarchy. A fair value remeasurement loss of \$0.8 million was recorded in the Company's consolidated statement of income for the year ended November 30, 2024 (2023 – fair value remeasurement gain of \$1.3 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 current rate and 2.95%. A derivative asset of less than \$0.1 million was recorded as at November 30, 2024 (November 30, 2023 – 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 year ended November 30, 2024 (2023 – nil).

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 asset of \$0.1 million was recorded as at November 30, 2024 (November 30, 2023 – nil). The Company has classified this as level 2 in the fair value hierarchy. A fair value remeasurement gain of \$0.1 million was recorded in the Company's consolidated statement of comprehensive income for the year ended November 30, 2024 (2023 – nil).

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 asset of \$0.1 million was recorded as at November 30, 2024 (November 30, 2023 – nil). The Company has classified this as level 2 in the fair value hierarchy. A fair value remeasurement gain of \$0.1 million was recorded in the Company's consolidated statement of comprehensive income for the year ended November 30, 2024 (2023 – nil).

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

<i>(In thousands \$)</i>	Cross currency interest rate swaps	2-year SOFR fixed interest rate swap	3-year SOFR fixed interest rate swap	3-year CORRA fixed interest rate swap	3-year CORRA fixed interest rate swap	Total
	\$	\$	\$	\$	\$	\$
Current portion of derivative	3,071	499	18	51	35	3,674
Long-term portion of derivative	—	—	21	92	64	177
November 30, 2024	3,071	499	39	143	99	3,851

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:

	(In thousands \$)	2024	2023
		\$	\$
Financial liabilities classified as level 3 as at November 30, 2023		10,067	13,346
Repayments		(6,304)	(875)
Revaluation of financial liabilities recorded at fair value		(121)	(2,404)
Financial liabilities classified as level 3 as at November 30, 2024		3,642	10,067

As at November 30, 2024 and November 30, 2023, the financial liabilities classified as level 3 in the fair value hierarchy were comprised of the following:

	(In thousands \$)	2024	2023
		\$	\$
Contingent considerations on Küto Comptoir à Tartares acquisition and 11554891 Canada Inc.		—	600
Fair value of non-controlling interest buyback obligation in 9974644 Canada Inc.		2,142	2,288
Obligation to repurchase 11554891 Canada Inc. partner		—	7,179
Financial liabilities classified as level 3		2,142	10,067

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, 2024.

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, 2024, US\$497.2 million (November 30, 2023 - US\$558.0 million) was drawn from the revolving credit facility. Of that amount, US\$189.2 million (November 30, 2023 - US\$194.0 million) was not exposed to foreign exchange risk as a result of one (November 30, 2023 - two) cross currency interest rate swap, and US\$308.0 million (November 30, 2023 - US\$364.0 million) was exposed to foreign exchange risk.

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, 2024 and 2023, the Company has the following financial instruments denominated in foreign currencies:

	(In thousands \$)			
			2024	2023
	USD	CAD	USD	CAD
	\$	\$	\$	\$
Financial assets				
Cash	8,573	12,011	2,593	3,522
Accounts receivable	631	884	988	1,342
Financial liabilities				
Accounts payable and deposits	(624)	(874)	(192)	(261)
Long-term debt	(308,000)	(431,508)	(364,000)	(494,385)
Net financial liabilities	(299,420)	(419,487)	(360,611)	(489,782)

All other factors being equal, a reasonable possible 5% rise in foreign currency exchange rates per Canadian dollar would result in a loss of \$15.0 (2023 – loss of \$18.0) 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, 2024, 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. \$704.6 million (November 30, 2023 – \$757.8 million) of the credit facility was used as at November 30, 2024. A 100 basis points increase in the bank's prime rate would result in additional interest of \$7.0 million per annum (2023 – \$7.6 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, 2024, the Company had an authorized revolving credit facility for which the available amount may not exceed \$900.0 million (November 30, 2023 – \$900.0 million) and including an accordion feature amounting to \$300.0 million (November 30, 2023 – \$300.0 million) 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, 2024:

(In millions \$)	Carrying amount	Contractual cash flows	0 – 6 Months	6 – 12 Months	12 – 24 Months	Thereafter
	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	134.4	134.4	134.4	—	—	—
Long-term debt ⁽¹⁾	2.5	708.3	3.7	—	—	704.6
Interest on long-term debt ⁽¹⁾	N/A	100.8	20.7	21.0	41.8	17.3
Lease liabilities	815.1	597.7	67.2	67.2	116.5	346.8
	952.0	1,541.2	226.0	88.2	158.3	1,068.7

⁽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

The restaurant industry in 2024 remains extremely competitive. The pace of technological changes, innovations and shifts in customer preferences continue to accelerate, while trends appear and dissipate in short periods of time. Industry players need to be increasingly agile in order to adapt to the market and create sustainable streams of revenues that will carry from one generation of customers to the next. MTY's entrepreneurial roots give it an advantage in the current environment and the various teams are prepared to face any situation.

At the date of this report, although not completely gone, inflation and labour issues seem to be receding. Some jurisdictions continue to increase minimum wages materially, putting additional pressure on the cost structure of franchisees and the Company's corporate locations in an environment in which consumers are becoming increasingly sensitive to price increases. MTY's team focus on innovation, product quality and consistency, superior store design, seamless and appealing online interactions with customers and perceived value are all elements that position MTY well to thrive in the future, even if macroeconomic pressures persist.

Management remains committed to maximize shareholder value by improving normalized adjusted EBITDA through improved in-restaurant dining and online digital experiences as well as cost cutting measures. Organic growth of system sales and store count of existing concepts remains a priority while MTY continues to seek potential acquisitions in an effort to increase the Company's market share.

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, 2024, 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, 2024, 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. 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, 2024, 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 twelve months ended November 30, 2024, these SPEs represent less than 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, 0.9% of the Company's revenue and 0.0% of the Company's net income.

"Eric Lefebvre"

Eric Lefebvre, CPA, MBA Chief Executive Officer

"Renee St-Onge"

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, Cerealify, 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 Duperie	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 14 and 20.
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 14 and 18.
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), corporate store revenue and expenses, 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 2023	May 2023	August 2023	November 2023	February 2024	May 2024	August 2024	November 2024
<i>(In thousands \$)</i>								
Cash flows provided by operating activities	33,467	51,860	51,495	47,764	54,178	40,558	66,355	43,716
Additions to property, plant and equipment	(7,897)	(11,030)	(7,962)	(3,235)	(7,011)	(7,265)	(6,375)	(4,036)
Additions to intangible assets	(120)	(393)	(696)	(836)	(298)	(356)	(808)	(1,577)
Proceeds on disposal of intangible	—	—	—	—	—	—	—	314
Proceeds on disposal of property, plant and equipment	481	246	375	587	564	2,320	801	617
Net lease payments	(10,498)	(11,136)	(11,082)	(10,923)	(10,511)	(10,936)	(10,702)	(11,666)
Free cash flows net of lease payments⁽¹⁾	15,433	29,547	32,130	33,357	36,922	24,321	49,271	27,368

⁽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, 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 twelve months ended November 30, 2023							
(millions of \$)	Canada			US & International			TOTAL
	Corporate	Franchised	Total	Corporate	Franchised	Total	
System sales ⁽¹⁾	32.0	1,752.2	1,784.2	462.0	3,395.0	3,857.0	5,641.2
Franchise royalty income as a % of franchise sales	—	5.35%	—	—	5.09%	—	N/A
Royalties	—	93.7	—	—	172.8	—	266.5

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

Sales for the three months ended November 30, 2023							
(millions of \$)	Canada			US & International			TOTAL
	Corporate	Franchised	Total	Corporate	Franchised	Total	
System sales ⁽¹⁾	7.6	429.4	437.0	111.4	793.2	904.6	1,341.6
Franchise royalty income as a % of franchise sales	—	5.40%	—	—	5.12%	—	N/A
Royalties	—	23.2	—	—	40.6	—	63.8

⁽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
Craft Republic
Famous Dave's
Fox & Hound
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