A & W Food Services of Canada Inc.

Interim Condensed Consolidated Financial Statements
Third Quarter of Fiscal 2026

For the 12-week and 36-week periods ended
September 6, 2026 and September 7, 2025

(in thousands of dollars)

A&W Food Services of Canada Inc.

Interim Condensed Balance Sheets

(Unaudited, in thousands of dollars)

	Note	September 6, 2026 $	December 28, 2025 $
Assets			
Current assets			
Cash and cash equivalents		**907**	982
Accounts receivable		**40,642**	36,051
Leases receivable	6	**35,135**	37,992
Inventories		**7,287**	8,370
Prepaid expenses		**2,849**	6,155
Income taxes recoverable		**277**	-
		87,097	89,550
Non-current assets			
Other receivables		**3,179**	2,061
Derivative financial assets	9	**1,953**	-
Deferred tax assets		**11,659**	11,982
Right-of-use assets	6	**19,257**	19,355
Leases receivable	6	**625,089**	613,028
Plant and equipment		**9,121**	8,575
Intangible assets	7	**491,986**	493,341
Total assets		**1,249,341**	1,237,892
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**43,630**	45,889
Dividends payable		**11,500**	-
Lease liabilities	6	**38,147**	42,085
Deposits on franchise and equipment sales		**22,804**	17,790
Deferred revenue		**2,736**	2,626
Income taxes payable		**-**	892
		118,817	109,282
Non-current liabilities			
Deferred revenue		**31,337**	30,691
Operating loan facility	9	**218,473**	232,874
Derivative financial liabilities	9	**-**	1,318
Lease liabilities	6	**643,314**	630,963
Supplementary retirement benefit plan		**10,163**	10,478
		1,022,104	1,015,606
Shareholders' equity			
Share capital	10	**417,183**	417,925
Contributed surplus		**2,042**	1,746
Accumulated deficit		**(193,828)**	(197,856)
		225,397	221,815
Non-controlling interest		**1,840**	471
Total equity		**227,237**	222,286
Total liabilities and equity		**1,249,341**	1,237,892

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

A&W Food Services of Canada Inc.

Interim Condensed Statements of Income

(Unaudited, in thousands of dollars)

	Note	12-week period ended September 6, 2026 $	12-week period ended September 7, 2025 $	36-week period ended September 6, 2026 $	36-week period ended September 7, 2025 $
Revenue					
Franchising	11	**73,425**	65,301	**192,935**	184,215
Corporate restaurants		**5,830**	5,904	**16,551**	16,900
		79,255	71,205	**209,486**	201,115
Expenses (income)					
Operating costs		**40,491**	31,773	**110,948**	101,740
General and administrative expenses		**11,375**	10,786	**36,146**	32,796
Impairment of leases receivable	6	**-**	-	**131**	-
Finance income	13	**(6,634)**	(6,117)	**(19,487)**	(18,045)
Finance expense	13	**9,774**	9,732	**28,975**	29,194
(Gain) loss on interest rate swap	9	**(2,138)**	1,420	**(3,272)**	2,177
		52,868	47,594	**153,441**	147,862
Income before income taxes		**26,387**	23,611	**56,045**	53,253
Provision for (recovery of) income taxes					
Current		**6,595**	7,209	**14,631**	14,733
Deferred		**313**	(1,156)	**313**	(821)
		6,908	6,053	**14,944**	13,912
Net income for the period		**19,479**	17,558	**41,101**	39,341
Net income attributable to					
Shareholders of A&W Food Services of Canada Inc.		**19,186**	17,122	**39,732**	38,166
Non-controlling interest		**293**	436	**1,369**	1,175
		19,479	17,558	**41,101**	39,341

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

A&W Food Services of Canada Inc.

Interim Condensed **Error! Unknown document property name.**Statements of Comprehensive Income

(Unaudited, in thousands of Canadian dollars, except for number of shares and per share amounts)

	Note	12-week period ended September 6, 2026 $	12-week period ended September 7, 2025 $	36-week period ended September 6, 2026 $	36-week period ended September 7, 2025 $
Net income for the period		**19,479**	17,558	**41,101**	39,341
Other comprehensive income					
Actuarial gain on supplementary retirement benefit plan – net of tax		**71**	187	**27**	226
Comprehensive income		**19,550**	17,745	**41,128**	39,567
Comprehensive income attributable to					
Shareholders of A&W Food Services of Canada Inc.		**19,257**	17,309	**39,759**	38,392
Non-controlling interest		**293**	436	**1,369**	1,175
		19,550	17,745	**41,128**	39,567
Net income per share					
Basic	15	**$ 0.80**	$ 0.71	**$ 1.66**	$ 1.59
Diluted	15	**$ 0.80**	$ 0.71	**$ 1.65**	$ 1.59
Weighted average number of shares outstanding (thousands)					
Basic	15	**24,001**	23,998	**23,992**	23,998
Diluted	15	**24,126**	24,097	**24,100**	24,065

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

A&W Food Services of Canada Inc.

Interim Condensed Statements of Changes in Shareholders' Equity

For the 36-weeks ended September 6, 2026 and September 7, 2025

(Unaudited, in thousands of dollars)

	Note	Share capital $	Contributed surplus $	Accumulated deficit $	Total $	Non-controlling interest $	Total equity $
Balance – December 29, 2024		**417,925**	**-**	**(207,072)**	**210,853**	**353**	**211,206**
Net income for the period		-	-	38,166	38,166	1,175	39,341
Dividends on common shares		-	-	(34,557)	(34,557)	-	(34,557)
Stock-based compensation on equity-settled plans		-	1,057	-	1,057	-	1,057
Actuarial gain on supplementary retirement benefit plan – net of tax		-	-	226	226	-	226
Balance – September 7, 2025		**417,925**	**1,057**	**(203,237)**	**215,745**	**1,528**	**217,273**
Balance – December 28, 2025		**417,925**	**1,746**	**(197,856)**	**221,815**	**471**	**222,286**
Net income for the period		**-**	**-**	**39,732**	**39,732**	**1,369**	**41,101**
Dividends on common shares		**-**	**-**	**(34,539)**	**(34,539)**	**-**	**(34,539)**
Shares repurchased for cancellation	10	**(1,069)**	**-**	**(1,192)**	**(2,261)**	**-**	**(2,261)**
Stock-based compensation on equity-settled plans	8	**-**	**1,132**	**-**	**1,132**	**-**	**1,132**
Settlement of equity awards	8	**327**	**(836)**	**-**	**(509)**	**-**	**(509)**
Actuarial gain on supplementary retirement benefit plan – net of tax		**-**	**-**	**27**	**27**	**-**	**27**
Balance – September 6, 2026		**417,183**	**2,042**	**(193,828)**	**225,397**	**1,840**	**227,237**

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

A&W Food Services of Canada Inc.

Interim Condensed Statements of Cash Flows

(Unaudited, in thousands of dollars)

	Note	12-week period ended September 6, 2026 $	12-week period ended September 7, 2025 $	36-week period ended September 6, 2026 $	36-week period ended September 7, 2025 $
Cash provided by (used in)					
Operating activities					
Net income for the period		**19,479**	17,558	**41,101**	39,341
Adjustments for					
Depreciation of plant and equipment	12	**353**	326	**1,035**	1,004
Amortization of intangibles	12	**602**	466	**1,551**	1,685
Depreciation of right-of-use assets	12	**641**	650	**1,941**	1,935
Deferred income taxes		**313**	(1,156)	**313**	(821)
Stock-based compensation	8	**372**	459	**1,132**	1,057
Net loss on disposal of plant and equipment		**-**	-	**-**	23
(Decrease) increase in deposits on franchise and equipment sales		**(2,101)**	1,590	**5,014**	619
(Increase) decrease in other receivables		**(94)**	5	**(1,118)**	13
Supplementary retirement benefit plan		**(205)**	(205)	**(617)**	(615)
Increase in deferred revenue		**547**	581	**756**	471
Impairment of leases receivable	6	**-**	-	**131**	-
Use of provision for impairment of leases receivable	6	**-**	(2)	**(24)**	(30)
Current income tax expense		**6,595**	7,209	**14,631**	14,733
Income tax paid		**(5,642)**	(4,786)	**(16,309)**	(19,334)
(Gain) loss on interest rate swap	9	**(2,138)**	1,420	**(3,272)**	2,177
Finance income	13	**(6,634)**	(6,117)	**(19,487)**	(18,045)
Finance expense	13	**9,774**	9,732	**28,975**	29,194
Finance interest received		**27**	20	**48**	117
Finance expense paid		**(2,900)**	(3,465)	**(8,909)**	(12,111)
Changes in items of non-cash working capital	14	**734**	(7,085)	**(1,630)**	(18,912)
		19,723	17,200	**45,262**	22,501
Investing activities					
Purchase of plant and equipment		**(56)**	(164)	**(1,581)**	(362)
Purchase of intangible assets	7	**(196)**	(30)	**(196)**	(1,025)
Transaction costs capitalized		**-**	-	**-**	(151)
		(252)	(194)	**(1,777)**	(1,538)
Financing activities					
Repayment of principal on lease liabilities		**(1,126)**	(866)	**(3,372)**	(2,622)
Draw on the loan facility		**8,703**	10,000	**41,603**	13,005
Repayment of the loan facility		**(18,000)**	(10,000)	**(56,491)**	(23,514)
Financing fees paid		**-**	(23)	**-**	(23)
Shares repurchased for cancellation	10	**(1,560)**	-	**(2,261)**	-
Dividends paid to shareholders		**(11,516)**	(11,519)	**(23,039)**	(23,038)
		(23,499)	(12,408)	**(43,560)**	(36,192)
Change in cash and cash equivalents during the period		**(4,028)**	4,598	**(75)**	(15,229)
Cash and cash equivalents – beginning of period		**4,935**	2,707	**982**	22,534
Cash and cash equivalents – end of period		**907**	7,305	**907**	7,305

The accompanying notes form an integral part of these interim condensed consolidated financial statements.

(Unaudited, figures in tables expressed in thousands of dollars)

1 General information

A & W Food Services of Canada Inc. (the "Company" or "Food Services") is in the business of developing and franchising quick service restaurants in Canada. Food Services owns the A&W trademarks used in the A&W quick service restaurant business in Canada and holds the master franchise rights in Canada for the UK-based restaurant chain Pret A Manger ("Pret"). During the 36-week period ended September 6, 2026, the Company opened 21 new A&W locations and permanently closed 2 A&W locations, bringing the total number of A&W restaurants as at September 6, 2026 to 1,113, of which 1,103 are franchised and 10 are owned and operated corporately. During the 36-week period ended September 6, 2026, the Company opened 3 new Pret locations, bringing the total number of Pret shops as at September 6, 2026 to 4, of which 2 are franchised and 2 are owned and operated corporately. Food Services' registered offices are located at Suite 300 – 171 West Esplanade, North Vancouver, British Columbia, Canada.

To align its financial reporting with the business cycle of its operations, the Company uses a fiscal year comprising a 52- or 53-week period ending the Sunday nearest December 31. The fiscal 2026 year is 53 weeks and ends January 3, 2027 (fiscal 2025 – 52 weeks ended December 28, 2025). Food Services' subsidiary, A&W Root Beer Beverages of Canada Inc. ("A&W Beverages"), uses a fiscal year ending December 31.

Food Services' business is affected by the pattern of seasonality common to most quick service restaurant businesses in Canada. Historically, the Company has recognized higher revenue in the third and fourth quarters of each fiscal year, relative to the first and second quarters, due to seasonality. Sales at A&W restaurants and Pret shops are impacted by weather and summer travel and sales at A&W restaurants located in shopping centres tend to fluctuate due to higher traffic during the back-to-school and holiday shopping seasons.

2 Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, - Interim Financial Reporting. The interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with Food Services' audited annual consolidated financial statements as at December 28, 2025 which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

The Board of Directors approved these interim condensed consolidated financial statements on October 15, 2026.

Consolidation

The interim condensed consolidated financial statements include the accounts of Food Services and its 60% controlling interest in A&W Beverages.

Non-controlling interest

The non-controlling interest as at September 6, 2026 and December 28, 2025 represents an equity interest in A&W Beverages owned by an outside party. The share of net assets of Food Services' subsidiary attributable to non-controlling interest is presented as a component of equity.

(Unaudited, figures in tables expressed in thousands of dollars)

Functional and presentation currency

These interim condensed consolidated financial statements are presented in Canadian dollars, which is the functional currency of Food Services and its subsidiary.

3 Material accounting policy information

These interim condensed consolidated financial statements have been prepared using the accounting policies as outlined in note 3 of the audited consolidated financial statements for the 52-week period ended December 28, 2025.

4 Accounting policy developments

In April 2024, the International Accounting Standards Board issued IFRS 18 - *Presentation and Disclosure in the Financial Statements* ("IFRS 18") replacing IAS 1 – *Presentation of Financial Statements*. The new standard establishes a revised structure for the statements of income to improve comparability across entities and introduce management-defined performance measures ("MPMs"). Based on the Company's preliminary assessments, the following changes are expected:

- The consolidated statements of income will be grouped into categories as required under IFRS 18. This will result in new subtotals and line items, as well as changes in the calculation of existing subtotals and line items. The new standard will not impact income before income taxes or net income.

- There will be additional disclosures related to MPMs, which are defined as a subtotal of income and expenses, not required by IFRS, that a company uses in public communications outside of its financial statements to convey an aspect of the financial performance of the company. For each MPM, the Company will disclose a reconciliation between the MPM and the most directly comparable subtotal defined by IFRS as well as disclose the income tax effect and non-controlling interest effect of each reconciling item. In addition, IFRS 18 requires specific expense aggregation disclosures, which will result in changes to the presentation of the Company's expenses by nature note.

The standard will be applied by the Company for its Fiscal 2027 consolidated financial statements, retrospectively. As a result, the comparative information for Fiscal 2026 will be presented in accordance with IFRS 18. The Company continues to assess the impact of these amendments on the consolidated financial statements.

In May 2024, the International Accounting Standards Board published amendments to IFRS 9 - *Financial Instruments* ("IFRS 9") and IFRS 7 - *Financial Instruments: Disclosures* ("IFRS 7"). 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 standard will be applied by the Company for its Fiscal 2027 consolidated financial statements. Management does not expect the adoption of these amendments to IFRS 9 and IFRS 7 to have a material impact on the Company's consolidated financial statements.

(Unaudited, figures in tables expressed in thousands of dollars)

5 Critical accounting estimates and judgments

The preparation of interim condensed consolidated financial statements in conformity with IFRS Accounting Standards requires management to make estimates and assumptions that affect the amounts reported in the interim condensed consolidated financial statements and accompanying notes. It is reasonably possible that circumstances may arise that would cause actual results to differ from management estimates; however, management does not believe it is likely that such differences will materially affect Food Services' financial position.

The areas of judgment that have the most significant effect on the amounts recognized in these interim condensed consolidated financial statements are disclosed in note 5 of the Company's annual consolidated financial statements for the 52-week period ended December 28, 2025.

6 Leases

Leases receivable

Food Services is considered an intermediate lessor on certain franchise locations. The following table presents the leases receivable for the Company:

	September 6, 2026 $	December 28, 2025 $
Current leases receivable	35,135	37,992
Non-current leases receivable	625,089	613,028
	660,224	651,020

The following table outlines the annual contractual undiscounted payments for leases receivable as at September 6, 2026:

	$
Year 1	63,786
Year 2	62,924
Year 3	62,149
Year 4	58,390
Year 5	56,899
Thereafter	685,140
Total undiscounted leases receivable	989,288
Unearned interest income	(327,480)
Provision for impairment	(1,584)
	660,224

Leases receivable are reviewed for impairment based on expected losses at each consolidated balance sheet date in accordance with IFRS 9. An impairment loss is recorded using the simplified expected credit loss ("ECL") method. Food Services has developed a risk matrix used to assess the credit risk of leases receivable where Food Services are guarantors for head leases and has included the ongoing uncertainty in its credit risk assumptions. Factors taken into consideration include restaurant concept, payment performance and future expectations for the restaurant operations. Food Services recorded an ECL provision on leases receivable of $1,584,000 as at

(Unaudited, figures in tables expressed in thousands of dollars)

September 6, 2026 (December 28, 2025 – $1,477,000). During the 36-week period ended September 6, 2026 a provision on impairment of leases receivable of $131,000 was recognized (September 7, 2025 - $nil). No loss or recovery of provision on impairment of leases receivable was recognized during the 12-week period ended September 6, 2026 (September 7, 2025 - $nil).

The movements in the ECL on lease receivables for the 36-week periods ended September 6, 2026 and September 7, 2025 are as follows:

	$
Balance – December 28, 2025	1,477
Provision for impairment	131
Amounts written off	(24)
Balance – September 6, 2026	1,584

	$
Balance – December 29, 2024	1,541
Amount of provision used	(30)
Balance – September 7, 2025	1,511

Right-of-use assets

The movements in right-of-use assets for the 36-week periods ended September 6, 2026 and September 7, 2025 are as follows:

	Real estate $	Automobiles $	Total $
Balance – December 28, 2025	17,614	1,741	19,355
Additions	1,203	306	1,509
Disposals	(48)	(18)	(66)
Remeasurement of lease liabilities	400	-	400
Depreciation	(1,276)	(665)	(1,941)
Balance – September 6, 2026	17,893	1,364	19,257

	Real estate $	Automobiles $	Total $
Balance – December 29, 2024	20,665	1,825	22,490
Additions	566	840	1,406
Disposals	(1,471)	(13)	(1,484)
Remeasurement of lease liabilities	(362)	-	(362)
Depreciation	(1,229)	(706)	(1,935)
Balance – September 7, 2025	18,169	1,946	20,115

(Unaudited, figures in tables expressed in thousands of dollars)

Lease liabilities

The Company's leases include base rent for restaurant premises and office space and automobiles. The Company is the head lessee for the majority of its franchised locations and enters into agreements whereby the Company licences the premises to the franchisee, for which the Company receives a premises licence fee. Under the licence agreement, the franchisee is responsible for the obligations under the lease. IFRS 16 requires Food Services, where it acts as the intermediate lessor, to recognize a lease receivable. The Company has included renewal options in the measurement of lease liability when it is reasonably certain to exercise the renewal option.

The following table presents the lease liabilities for the Company:

	September 6, 2026 $	**December 28, 2025 $**
Current lease liabilities	38,147	42,085
Non-current lease liabilities	643,314	630,963
	681,461	673,048

Costs not included in the measurement of the lease liabilities are as follows:

	12-week period ended September 6, 2026 $	12-week period ended September 7, 2025 $	**36-week period ended September 6, 2026 $**	36-week period ended September 7, 2025 $
Low-value lease costs	2	1	3	5
Variable lease costs	313	277	885	826
	315	278	888	831

(Unaudited, figures in tables expressed in thousands of dollars)

7 Intangible assets

The movements in intangible assets for the 36-week periods ended September 6, 2026 and September 7, 2025 are as follows:

	Internally generated application software $	A&W trademarks $	Total $
Balance – December 28, 2025			
Cost	10,286	488,203	498,489
Accumulated amortization	(5,148)	-	(5,148)
Net book value – December 28, 2025	5,138	488,203	493,341
Opening net book value	5,138	488,203	493,341
Additions	196	-	196
Amortization	(1,551)	-	(1,551)
Net book value– September 6, 2026	3,783	488,203	491,986
Balance – September 6, 2026			
Cost	10,482	488,203	498,685
Accumulated amortization	(6,699)	-	(6,699)
Net book value– September 6, 2026	3,783	488,203	491,986

	Internally generated application software $	A&W trademarks $	Total $
Balance – December 29, 2024			
Cost	9,012	488,067	497,079
Accumulated amortization	(2,713)	-	(2,713)
Net book value – December 29, 2024	6,299	488,067	494,366
Opening net book value	6,299	488,067	494,366
Additions	1,103	151	1,254
Amortization	(1,685)	-	(1,685)
Net book value– September 7, 2025	5,717	488,218	493,935
Balance – September 7, 2025			
Cost	10,115	488,218	498,333
Accumulated amortization	(4,398)	-	(4,398)
Net book value– September 7, 2025	5,717	488,218	493,935

(Unaudited, figures in tables expressed in thousands of dollars)

Food Services performed its annual impairment test on the indefinite life intangible asset as at December 28, 2025, using a value-in-use model to determine the recoverable amount of the indefinite life intangible asset. The calculations were based on Food Services' internal forecasts and represent management's best estimates at a specific point in time, and, as a result, are subject to estimation uncertainty. In arriving at its estimated future cash flows, Food Services considered past experience, economic trends and forecasted industry trends. Cash flows are projected for a period of five years and then cash flows beyond that are extrapolated using an estimated terminal growth rate of 2%. Food Services assumed a pre-tax discount rate of 11.0% in order to calculate the present value of its projected cash flows. As a result of this test, it was concluded that no impairment was required. There were no indicators of impairment during the 12-week or 36-week periods ended September 6, 2026; therefore, no impairment testing was performed and no impairment was required.

8 Stock- based compensation

The following amounts of stock-based compensation are reflected in general and administrative expenses within the interim condensed consolidated financial statements:

	12-week period ended September 6, 2026	12-week period ended September 7, 2025	**36-week period ended September 6, 2026**	36-week period ended September 7, 2025
	$	$	$	$
Deferred Share Units ("DSUs")	88	76	254	218
Restricted Share Units ("RSUs")	263	383	786	839
Performance Share Units ("PSUs")	21	-	92	-
Stock-based compensation expense	372	459	1,132	1,057

DSUs

During the 36-week periods ended September 6, 2026 and September 7, 2025, the Company issued 7,025 and 6,759 DSUs, respectively, to certain directors of the Company for services performed during the respective 36-week period. The DSUs vest immediately at the time of grant and are not redeemable until the director ceases to be a member of the Board. The DSUs can be settled in cash, shares of the Company, or a combination thereof at the sole discretion of the Board. The Company determined that the DSUs granted during the 36-week periods ended September 6, 2026 and September 7, 2025 are equity-settled transactions as the Company expects they will be fully settled in shares of the Company. Accordingly, an expense was recognized on the grant date equal to the fair value of the DSUs at the grant date, with a corresponding increase in contributed surplus.

(Unaudited, figures in tables expressed in thousands of dollars)

The following table presents the outstanding DSUs for the Company for the periods ended on the dates indicated below:

	12-week period ended September 6, 2026	12-week period ended September 7, 2025	**36-week period ended September 6, 2026**	36-week period ended September 7, 2025
Outstanding – beginning of period	13,069	4,174	8,464	-
Granted	2,420	2,585	7,025	6,759
Settled and issued	-	-	-	-
Outstanding – end of period	15,489	6,759	15,489	6,759
Vested and exercisable – end of period	15,489	6,759	15,489	6,759

RSUs

During the 36-week periods ended September 6, 2026 and September 7, 2025 the Company issued 24,082 and 94,468 RSUs, respectively, to certain employees of the Company. The RSUs vest over a period of one to five years and are settled in shares of the Company. The RSUs are accounted for as equity-settled transactions whereby an expense is recognized equal to the fair value of the RSUs at the grant date over the vesting period, with a corresponding increase in contributed surplus.

The following table presents the outstanding RSUs for the Company for the periods ended on the dates indicated below:

	12-week period ended September 6, 2026	12-week period ended September 7, 2025	**36-week period ended September 6, 2026**	36-week period ended September 7, 2025
Outstanding – beginning of period	89,835	93,256	96,896	-
Granted	7,441	1,212	24,082	94,468
Settled and issued	(2,180)	-	(25,882)	-
Forfeited	(14,443)	-	(14,443)	-
Outstanding – end of period	80,653	94,468	80,653	94,468
Vested and exercisable – end of period	-	-	-	-

PSUs

During the 36-week period ended September 6, 2026 the Company issued 25,658 PSUs (36-week period ended September 7, 2025 – nil), to certain employees of the Company. The PSUs cliff vest at the end of three years and are settled in shares of the Company. The PSUs are subject to non-market performance including the achievement of targets for management defined EBITDA, same store sales growth and the number of new A&W restaurant openings and are accounted for as equity-settled transactions whereby an expense is recognized equal to the fair value of the PSUs at the grant date over the vesting period, with a corresponding increase in contributed surplus.

(Unaudited, figures in tables expressed in thousands of dollars)

The following table presents the outstanding PSUs for the Company for the periods ended on the dates indicated below:

	12-week period ended September 6, 2026	12-week period ended September 7, 2025	**36-week period ended September 6, 2026**	36-week period ended September 7, 2025
Outstanding – beginning of period	25,331	-	-	-
Granted	327	-	25,658	-
Forfeited	(5,597)	-	(5,597)	-
Outstanding – end of period	20,061	-	20,061	-
Vested and exercisable – end of period	-	-	-	-

9 Operating loan facility and interest rate swap

Food Services has a $325,000,000 revolving loan facility (the "Loan Facility"), with a $10,000,000 sublimit for letters of credit and letters of guarantee and a $20,000,000 sublimit for a swingline (the "Swingline").

The Loan Facility, including the Swingline, matures on October 17, 2029 and is available on a revolving basis by way of prime rate loans, term CORRA loans and daily compounded CORRA Loans in Canadian dollars, and U.S. base rate and term Secured Overnight Financing Rate ("SOFR") loans in U.S. dollars, and letters of credit in Canadian and U.S. dollars. The marginal rate payable on the prime rate loans and U.S. base rate loans ranges from 0.75% to 2.0%, based on Food Services' ratio of Total Debt to EBITDA, as defined in the credit agreement. The marginal rate payable on the term CORRA loans, daily compounded CORRA loans, term SOFR loans and letters of credit ranges from 1.75% to 3.0%, based on Food Services' ratio of Total Debt to EBITDA. The Loan Facility is secured by a first priority lien over all of the present and future undertakings and property of Food Services.

The Loan Facility contains covenants including the requirement to meet certain debt to EBITDA and interest coverage ratios during each trailing four quarter period. Food Services was in compliance with all of its financial covenants as at September 6, 2026 and December 28, 2025.

Financing fees, with an initial total cost of $3,523,000, related to the Loan Facility are presented as a reduction to the carrying amount of the operating loan facility and are being amortized over the remainder of the five-year term of the Loan Facility.

Food Services uses interest rate swap agreements to manage risks from fluctuations in interest rates. To manage the interest rate risk associated with the Loan Facility, Food Services entered into an interest rate swap arrangement (the "Swap") on May 20, 2025. The Swap has a notional value of $210,000,000 and a maturity of October 17, 2029. Under the Swap, as at September 6, 2026, the effective interest rate is 4.83% per annum (December 28, 2025– 5.33%), comprising 3.08% per annum which is fixed under the Swap agreement until October 17, 2029 plus a 1.75% per annum marginal rate. The marginal rate ranges from 1.75% to 3.00%, depending on Food Services' ratio of Total Debt to EBITDA. The fair value of the Swap as at September 6, 2026

(Unaudited, figures in tables expressed in thousands of dollars)

was $1,953,000 favourable (December 28, 2025 - $1,318,000 unfavourable). The $3,272,000 gain on the Swap recognized in the 36-week period ended September 6, 2026 (36-week period ended September 7, 2025 - $2,177,000 loss), represents the change in the fair value of the Swap, is recorded in the consolidated statements of income. A $2,138,000 gain on the Swap was recognized in the 12-week period ended September 6, 2026, (12-week period ended September 7, 2025 - $1,420,000 loss).

The following table presents the operating loan facility for the Company:

	September 6, 2026 $	December 28, 2025 $
Amount of Loan Facility	325,000	325,000
Amounts drawn on Loan Facility	220,669	235,557
Less: Unamortized balance on financing fees	(2,196)	(2,683)
	218,473	232,874
Letters of guarantee issued under Loan Facility	80	198
Amount available on Loan Facility	104,251	89,245

10 Share capital

Authorized

Unlimited number of common shares

Issued

	Number of Common Shares	Share Capital $
Balance as at September 6, 2026	23,949,002	417,183
Balance as at December 28, 2025	23,997,781	417,925

Normal Course Issuer Bid ("NCIB") and Automatic Share Purchase Plan ("ASPP)

On March 18, 2026, A&W announced that it had received approval from the Toronto Stock Exchange for a NCIB, allowing A&W to purchase up to 600,000 common shares during the twelve-month period commencing March 20, 2026 and ending March 19, 2027. The NCIB will conclude on the earlier of the date on which A&W has purchased the maximum number of common shares permitted under the NCIB, or March 19, 2027. In connection with the NCIB, A&W entered into an ASPP effective March 23, 2026 with its designated broker to facilitate the purchase of common shares during times when A&W would ordinarily not be permitted to purchase common shares due to regulatory restrictions or self-imposed black-out periods. A&W repurchased and cancelled 61,108 common shares during the 36-week period ended September 6, 2026 (September 7, 2025 – nil) under the NCIB. A&W repurchased and cancelled 42,758 common shares during the 12-week period ended September 6, 2026 (September 7, 2025 – nil) under the NCIB.

The number of common shares outstanding decreased by 48,779 during the 36-week period ended September 6, 2026, as a result of the 61,108 common shares repurchased and cancelled under the NCIB, partially offset by the

(Unaudited, figures in tables expressed in thousands of dollars)

12,329 common shares issued from treasury to settle the 25,882 RSUs that vested during the period. In connection with the vesting the Company elected to net settle and withhold 13,553 of the vested RSUs to satisfy statutory tax obligations. See note 8 for further details on the RSUs that vested.

11 Franchising revenue

Franchising revenues disaggregated by revenue source are outlined below. The table also shows the basis on which franchising revenues are recognized.

	12-week period ended September 6, 2026 $	12-week period ended September 7, 2025 $	**36-week period ended September 6, 2026 $**	36-week period ended September 7, 2025 $
At a point in time				
Advertising fund contributions	17,100	15,567	46,181	42,277
Distribution revenue and service fees	36,136	35,733	101,495	97,783
Equipment and turnkey fees	15,771	9,628	32,886	31,809
Other revenue	3,857	3,400	10,681	10,053
Over time				
Initial franchise fees and renewal fees	561	973	1,692	2,293
	73,425	65,301	192,935	184,215

Equipment and turnkey fees includes revenues related to equipment sales for both new and existing restaurants.

12 Expenses by nature

Included in operating costs and general and administrative expenses are the following expenses by nature:

	12-week period ended September 6, 2026 $	12-week period ended September 7, 2025 $	**36-week period ended September 6, 2026 $**	36-week period ended September 7, 2025 $
Depreciation of plant and equipment	353	326	1,035	1,004
Amortization of intangible assets	602	466	1,551	1,685
Depreciation of right-of-use assets	641	650	1,941	1,935
Employee benefit costs				
Wages, salaries, bonuses and other termination benefits	9,108	8,916	27,956	26,059
Pension costs – defined contribution plan	273	254	867	817
Stock-based compensation	284	383	878	839
Total employee benefit costs	9,665	9,553	29,701	27,715

(Unaudited, figures in tables expressed in thousands of dollars)

13 Finance income and expense

	12-week period ended September 6, 2026 $	12-week period ended September 7, 2025 $	**36-week period ended September 6, 2026 $**	36-week period ended September 7, 2025 $
Interest on cash and cash equivalents	19	20	44	117
Interest on leases receivable	6,615	6,097	19,443	17,928
Total finance income	6,634	6,117	19,487	18,045

	12-week period ended September 6, 2026 $	12-week period ended September 7, 2025 $	**36-week period ended September 6, 2026 $**	36-week period ended September 7, 2025 $
Interest on operating loan facility	2,610	3,083	7,861	9,581
Standby fees	63	69	212	198
Interest on supplementary retirement benefit plan	113	113	339	339
Interest on lease liabilities	6,826	6,306	20,076	18,593
Amortization of deferred financing fees	162	161	487	483
Total finance expense	9,774	9,732	28,975	29,194

	12-week period ended September 6, 2026 $	12-week period ended September 7, 2025 $	**36-week period ended September 6, 2026 $**	36-week period ended September 7, 2025 $
Finance income	(6,634)	(6,117)	(19,487)	(18,045)
Finance expense	9,774	9,732	28,975	29,194
Net finance expense	3,140	3,615	9,488	11,149

(Unaudited, figures in tables expressed in thousands of dollars)

14 Working capital

Changes in items of non-cash working capital are as follows:

	12-week period ended September 6, 2026 $	12-week period ended September 7, 2025 $	**36-week period ended September 6, 2026 $**	36-week period ended September 7, 2025 $
Accounts receivable	111	(2,261)	(4,591)	(8,806)
Inventories	5,860	(195)	1,083	5,822
Prepaid expenses	(20)	1,054	3,306	2,093
Accounts payable and accrued liabilities	(5,217)	(5,683)	(1,428)	(18,021)
	734	(7,085)	(1,630)	(18,912)

15 Net income per share

Net income per share is calculated by dividing the net income attributable to Food Services shareholders by the weighted average number of common shares outstanding during the period.

	12-week period ended September 6, 2026	12-week period ended September 7, 2025	**36-week period ended September 6, 2026**	36-week period ended September 7, 2025
Net income attributable to shareholders of the Company and used to determine net income per share	$19,186	$17,122	$39,732	$38,166
Weighted average number of shares outstanding (thousands)	24,001	23,998	23,992	23,998
Net income per share	$0.80	$0.71	$1.66	$1.59

(Unaudited, figures in tables expressed in thousands of dollars)

Diluted net income per share for the periods indicated below were calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares as follows:

	12-week period ended September 6, 2026	12-week period ended September 7, 2025	**36-week period ended September 6, 2026**	36-week period ended September 7, 2025
Net income attributable to shareholders of the Company and used to diluted net income per share	$19,186	$17,122	$39,732	$38,166
Weighted average number of shares outstanding (thousands)	24,001	23,998	23,992	23,998
Dilutive effect of RSUs, PSUs and DSUs (note 8)	125	99	108	67
Weighted average number of shares for diluted net income per share (thousands)	24,126	24,097	24,100	24,065
Diluted net income per share	$0.80	$0.71	$1.65	$1.59

16 Financial instruments

Food Services' financial instruments consist of cash and cash equivalents, accounts receivable, leases receivable, derivative financial assets, other receivables, accounts payable and accrued liabilities and operating loan facility.

Fair values

Management estimates that the fair values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their carrying values given the short-term maturity of these instruments. The fair value of leases receivable approximates their carrying value as the implicit interest used to discount the base value is considered to be based on an appropriate credit and risk rate pertaining to Food Services. The Loan Facility is based on the floating CORRA and Prime rates which reprice regularly. There has not been a significant change in the Company's credit standing in the period between October 17, 2024 and September 6, 2026. Accordingly, it is estimated there is not a material change in fair value of the drawn portion of the Loan Facility. The Swap is measured at fair value as a Level 2 financial instrument and is measured using market prices and other observable inputs.

17 Related party transactions and balances

Food Services acts as an intermediate lessor, subleasing office space to a major shareholder that is held under a head lease with an external third-party landlord. The annual rent for Fiscal 2026 is $33,000 and was received in full during the 36-week period ended September 6, 2026. The annual rent for Fiscal 2025 was $46,000 and was received in full during the 16-week period ended December 28, 2025.

(Unaudited, figures in tables expressed in thousands of dollars)

Key management compensation

Key management includes the Company's directors and executive team. Compensation awarded to key management includes:

	12-week period ended September 6, 2026 $	12-week period ended September 7, 2025 $	**36-week period ended September 6, 2026 $**	36-week period ended September 7, 2025 $
Salaries, bonuses and other short-term employee benefits	1,049	797	2,903	2,591
Pension costs – defined contribution plan	35	29	127	134
Pension costs – supplementary retirement benefit plan	113	113	339	339
Stock-based compensation	221	459	981	1,057
	1,418	1,398	4,350	4,121

During the 36-week period ended September 6, 2026, the directors of the Company earned director's fees payable in cash totaling $311,000 (36-week period ended September 7, 2025 - $281,000), of which $103,000 was in accounts payable and accrued liabilities as at September 6, 2026 (December 28, 2025 - $55,000). The director fees payable in cash are reflected in salaries, bonuses and other short-term employee benefits in the table above and the stock-based compensation expense related to the RSUs, PSUs and DSUs granted to the Company's directors and executive team is included in stock-based compensation in the table above. See note 8 for further details on the RSUs, PSUs and DSUs granted.