



MTY Food Group to Combine with Imvescor Restaurant Group to Create Leading North American Restaurant Franchisor

Transaction Highlights

- Creates a stronger, more diversified restaurant franchisor with a strong balance sheet and highly scalable portfolio of recognized restaurant brands and concepts
- \$4.10 per Imvescor common share, representing a total consideration of approximately \$248 million and a premium of 13.3% to Imvescor shareholders based on an unaffected 10-day volume weighted average price of the common shares of Imvescor on October 26, 2017
- Offers Imvescor shareholders immediate value and the opportunity to participate in future upside through an aggregate consideration of approximately 20% in cash and approximately 80% in MTY common shares
- Combined operations of both companies expected to generate approximately \$2.9 billion in System Sales and EBITDA expected to be in the range of \$125-130 million, including cost and top-line synergies
- Immediately accretive to MTY cash flow and EBITDA and expected to be accretive to earnings as cost and top line synergies are realized
- Unanimous support of the board of directors of both companies; shareholders holding 18% of the issued and outstanding common shares of Imvescor have entered into support and voting agreements

MONTREAL, December 12, 2017 - MTY Food Group Inc. ("MTY" or the "Company") (TSX:MTY) and Imvescor Restaurant Group Inc. ("Imvescor") (TSX: IRG) announced today that they have entered into a definitive combination agreement (the "Agreement") under which a wholly owned subsidiary of MTY will acquire all of the outstanding Imvescor common shares (the "Shares") for \$4.10 per Imvescor Share, representing a total consideration of approximately \$248 million, subject to customary closing conditions including receipt of regulatory and Imvescor shareholder approvals (the "Transaction").

Under the terms of the Transaction, Imvescor shareholders will receive an aggregate consideration which will consist of approximately 20% in cash and approximately 80% in MTY common shares. The purchase price per Imvescor Share implies a premium of 13.3% to the unaffected 10-day volume weighted average price on October 26, 2017 (the day prior to Imvescor's press release regarding its receipt of a non-binding indication of interest from a third party).

The combination of MTY and Imvescor will create a multi-brand industry leader with a portfolio of over 5,700 stores under 75 brands and approximately \$2.9 billion in System Sales with significant runway for growth. MTY like Imvescor, has a scalable multi-brand franchised network, a proven ability to generate high EBITDA margins and maximize EBITDA conversion into free cash flow that will allow the continued investment in the business and pursuit of growth initiatives and acquisition strategy.

François-Xavier Seigneur, Chairman of the board of directors of Imvescor said, "Joining forces with MTY creates an opportunity for Imvescor shareholders to realize immediate value and participate in a faster pace of growth, with less risk. Today's Transaction fully recognizes the value of our portfolio of restaurant brands and rewards investors for their patience as we have successfully executed our turnaround strategy."

Mr. Seigneur continued, "The board of directors is unanimous in its recommendation that this Transaction is in the best interests of all shareholders. We reached this conclusion following a detailed review and rigorous process that explored the strategic alternatives available to us. We urge shareholders to join us as



owners of a stronger, more diversified company with an established track record of value creation and an exciting future ahead.”

Stanley Ma, Chairman of the board of directors, President and Chief Executive Officer of MTY said, “This is an important day in the history of MTY as we add many great brands to MTY’s existing portfolio. The combination of the two companies’ portfolios and expertise will produce tremendous opportunities for North American growth. Further, Imvescor’s suite of full service restaurants will be highly complementary to our existing business and is expected to enable significant top-line synergies for our existing full service restaurant brands as well as for the newly acquired brands. Imvescor’s expertise for retail operations combined with MTY significant range of products is expected to produce great opportunities in the future.”

Frank Hennessey, Chief Executive Officer of Imvescor said, “This is the natural next step for our company. In an increasingly competitive operating environment, we will be better positioned to invest in our brands and our people as part of a combined company with expanded resources and reach. The Transaction offers shareholders, franchisees, employees and other stakeholders of both companies a significant opportunity for value creation.”

Transaction Details

Under the terms of the Transaction, Imvescor shareholders will receive approximately \$50 million in cash and the remainder in common shares of MTY, equivalent to \$0.8259 in cash and 0.0626 common share of MTY for each Imvescor Share held, such that the aggregate consideration paid to Imvescor shareholders will consist of approximately 20% in cash and approximately 80% in MTY common shares.

In connection with the Transaction, approximately 3.8 million common shares of MTY will be issued based on a reference price of \$52.26 consisting of the 10-day volume weighted average price of the common shares of MTY on December 8, 2017, will represent a pro forma ownership of approximately 15% of the outstanding common shares of MTY upon closing of the Transaction. At which time, Imvescor will also have one nominee on MTY’s Board of Directors. The Transaction offers Imvescor’s Canadian shareholders the opportunity to participate in the combined upside by rolling over their common shares in a tax deferred manner.

MTY has structured the financing of the Transaction consideration in order to maintain a strong and flexible balance sheet and remains committed to pursuing its acquisition strategy. MTY has access to aggregate committed bank facilities from its existing lending syndicate to finance the cash portion of the Transaction consideration. The combined company is expected to continue to generate significant cash flow, providing liquidity to pursue future M&A opportunities and allowing for deleveraging.

Transaction Approvals and Special Meeting of Imvescor Shareholders

The Transaction will be structured as an amalgamation and will be subject to the approval of 66 2/3% of the votes cast by Imvescor shareholders present in person or represented by proxy at the special meeting of Imvescor shareholders expected to be held in February 2018 (the “Special Meeting”). In addition to Imvescor shareholder approval, the Transaction is subject to regulatory approvals, approval by the TSX for the listing of MTY common shares to be issued, and certain other customary closing conditions.

The board of directors of Imvescor acting on the unanimous recommendation of its special committee comprised solely of independent directors (the “Special Committee”), has unanimously approved the Transaction and recommends that Imvescor shareholders vote in favour of the Transaction at the Special Meeting of Imvescor shareholders. Certain Imvescor shareholders, including directors and senior officers of Imvescor, representing approximately 18% of the votes, have entered into support and voting



agreements pursuant to which they have agreed to vote all of their Imvescor common shares in favour of the Transaction at the Special Meeting (the "Supporting Shareholders").

Supporting Shareholder Eric Shahinian, Camac Partners LLC, said, "As a long-term shareholder of Imvescor, I am pleased to put my full support behind the merger with MTY which surfaces immediate value while preserving future upside. The strategic rationale here is sound and the opportunity for shareholders significant."

The Agreement between Imvescor and MTY provides for a non-solicitation covenant in favour of MTY. A termination fee of \$8 million is also payable to MTY in certain circumstances. Closing of the Transaction is expected to occur in the first half of calendar year 2018. There is no assurance the Transaction will be completed as described above or at all, or that the anticipated closing date will materialize.

Further information regarding the Transaction will be contained in a management information circular that Imvescor will prepare, file and mail to Imvescor shareholders in advance of the Special Meeting. Copies of the Agreement and management information circular will be available on SEDAR at www.sedar.com.

Fairness Opinion

The independent financial advisor to Imvescor, Ernst & Young LLP, has provided an opinion that, subject to the assumptions, limitations and qualifications set out in such opinions, the consideration to be received by Imvescor shareholders in connection with the Transaction is fair, from a financial point of view, to such shareholders.

Financial and Legal Advisors

GMP Securities L.P. is acting as financial advisor to Imvescor and Ernst & Young LLP is acting as independent financial advisor to the Special Committee of Imvescor. Stikeman Elliott LLP is acting as legal advisor to Imvescor. Fasken Martineau DuMoulin LLP is acting as legal advisor to MTY.

Conference Call

MTY and Imvescor will host a conference call and will provide slides on December 12, 2017 at 10:00 a.m. EDT. Participants are invited to access the conference call by dialing 1 (800) 319-4610.

A replay of the conference call will be available shortly after the event by calling toll-free 1 (855) 669-9658 (access code 1957) until January 12, 2018, 23:59 EDT.

Non-IFRS Measures

This news release makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the MTY or Imvescor's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of MTY or Imvescor's financial information reported under IFRS. MTY or Imvescor use non-IFRS measures including "System Sales" and "EBITDA" to provide investors with supplemental measures of its operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. MTY and Imvescor also believe that securities analysts, investors and other interested parties frequently use non-



IFRS measures in the evaluation of issuers. MTY or Imvescor's management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets, and to determine components of management compensation.

"System Sales" represents the net sales received from restaurant guests at both corporate and franchise restaurants including take-out and delivery customer orders. System Sales includes sales from both established restaurants as well as new restaurants. MTY and Imvescor's management believes System Sales provides meaningful information to investors regarding the size of MTY's and Imvescor's restaurant networks, the total market share of their brands and the overall financial performance of their brands and restaurant owner bases, which ultimately impacts MTY and Imvescor's consolidated financial performance.

"EBITDA" is defined as net earnings (loss) from continuing operations before net interest expense and other financing charges, losses (gains) on derivative, income taxes, depreciation of property, plant and equipment, amortization of intangible assets, and impairment of assets, net of reversals.

Forward Looking Information

Certain information in this news release constitutes "forward-looking" information that involves known and unknown risks and uncertainties future expectations and other factors which may cause the actual results, performance or achievements of MTY, Imvescor or the combined company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. All statements other than statements of historical facts included in this news release may constitute forward looking statements within the meaning of Canadian securities legislation and regulation. In particular, this news release contains statements that may constitute forward looking statements within the meaning of Canadian securities legislation and regulation regarding, without limitation, the completion of the Transaction, the potential closing date of the Transaction and the potential impact of the Transaction on the combined entity's future operations, the suitability of the Transaction for MTY and Imvescor; the effect of the Transaction on Imvescor stakeholders; the expected EBITDA, revenue, system sales and potential growth of the combined entity; potential future acquisition opportunities. Forward-looking statements can generally be identified by the use of forward-looking terminology such as "anticipate", "estimate", "may", "will", "expect", "believe", "plan" or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. These forward-looking statements are not facts or guarantees of future performance, but only reflections of estimates and expectations of MTY's and Imvescor's management and involve a number of risks, uncertainties, and assumptions.

The forward-looking information contained in this news release reflects MTY's and Imvescor's current expectations and assumptions regarding future events and operating performance and speaks only as of the date of this news release. These expectations and assumptions include, but are not limited to: the currency exchange rates used to derive Canadian dollar expectations; market acceptance of the Transaction; the satisfactory fulfilment of all of the conditions precedent to the Transaction; the receipt of all required approvals and consents including regulatory, TSX, shareholder and any other approvals; future results of Imvescor's business and operations meeting or exceeding historical results; the success of the integration of Imvescor's operations and management team with MTY's operations and business; and market acceptance of potential future acquisitions by MTY. While these assumptions and expectations are considered reasonable, a number of factors could cause the actual results, level of activity, performance or achievements to be materially different from the expectations and assumptions of MTY and Imvescor, including those discussed in MTY's and Imvescor's public filings available at www.sedar.com and in particular (i) for MTY, in its most recent annual information form under "Risk Factors" and in its management's discussion and analysis for its fiscal year ended November 30, 2016 under "Risk and Uncertainties"; and (ii) for Imvescor, in its most recent annual information form under "Risk Factors" and in



its management's discussion and analysis for its fiscal year ended October 30, 2016 under "Risk and Uncertainties".

Risks and uncertainties inherent in the nature of the Transaction include without limitation the failure to receive all required approvals and consents including regulatory, Toronto Stock Exchange, shareholder and any other approvals or to otherwise fulfill all of the conditions precedent to the Transaction, in a timely manner, or at all; significant transaction costs or unknown liabilities; failure to realize the expected benefits of the Transaction; and general economic conditions. Failure to receive all required approvals and consents including regulatory, Toronto Stock Exchange, shareholder and any other approvals or to otherwise fulfill all of the conditions precedent to the Transaction may result in the Transaction not being completed on the proposed terms, or at all. There can be no assurance that the anticipated strategic benefits and operational, competitive and cost synergies resulting from the Transaction will be realized. In addition, if the Transaction is not completed, and Imvescor continues as an independent entity, there are risks that the announcement of the Transaction and the dedication of substantial resources of Imvescor to the completion of the Transaction could have an impact on Imvescor's business and strategic relationships, operating results and businesses generally, and could have a material adverse effect on the current and future operations, financial condition and prospects of Imvescor. Furthermore, the failure of Imvescor to comply with the terms of the Agreement may, in certain circumstances, result in Imvescor being required to pay a fee to MTY, the result of which could have a material adverse effect on Imvescor's financial position and results of operations and its ability to fund growth prospects and current operations.

Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this news release is expressly qualified by this cautionary statement. Except as required by law, neither of MTY or Imvescor assumes no obligation to update or revise forward-looking information to reflect new events or circumstances. The purpose of the forward-looking information contained in this new release is to, inter alia, provide a potential financial outlook of the combined entity and this information may not be appropriate for other purposes. All such forward-looking statements are made pursuant to the "safe harbour" provisions of applicable securities laws

No Offer or Solicitation

This news release is for informational purposes only and does not constitute an offer to purchase or a solicitation of an offer to sell common shares of Imvescor or an offer to sell or a solicitation of an offer to buy common shares of MTY.

About MTY Food Group

MTY Food Group Inc. is a Canadian public company headquartered in Montreal, Quebec. MTY franchises and operates restaurants worldwide under the following banners: Tiki-Ming, Sukiyaki, La Crémère, Au Vieux Duluth Express, Carrefour Oriental, Panini Pizza Pasta, Franx Supreme, Croissant Plus, Villa Madina, Cultures, Thai Express, Vanellis, Kim Chi, "TCBY", Sushi Shop, Koya Japan, Vie & Nam, Tandoni, O'Burger, Tutti Frutti, Taco Time, Country Style, Buns Master, 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, Fabrika, Van Houtte, Manchu Wok, Wasabi Grill & Noodle and SenseAsian, 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, Rollerz, Johnnie's New York Pizzeria, Ranch One, America's Taco Shop, Cereality, Tasti D-Lite, Planet Smoothie, Maui Wowi, Pinkberry, Baja Fresh Mexican Grill, La Salsa Fresh Mexican Grill, La Diperie, Steak Frites St-Paul, Giorgio Ristorante, The Works Gourmet Burger Bistro, Houston Avenue Bar & Grill, Industria Pizzeria + Bar, The Counter Custom Buggers, and Built Custom Burgers.



About Imvescor Restaurant Group

Imvescor Restaurant Group Inc. is a dynamic and innovative organization in the family and casual dining restaurant industry. The Company is a franchise and licensing business that operates restaurants in Eastern Canada under five banners: Bâton Rouge®, operating in Québec, Ontario and Nova Scotia in the casual dining segment, Pizza Delight®, operating primarily in Atlantic Canada, in the family/mid-scale segment, Scores® and Toujours Mikes, operating primarily in Québec in the family and casual dining segments and the take-out and delivery segments, and Ben & Florentine®, operating primarily in Québec, with individual stores in Ontario and Manitoba, in the breakfast and lunch industry. The Company also licenses to third parties the right to manufacture and sell prepared food products under the Bâton Rouge®, Pizza Delight®, Scores® and Toujours Mikes brands.

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