

MTY GROUP (TSX: MTY) franchises and operates quick-service, fast casual and casual dining restaurants under more than 80 different banners in Canada, the United States and Internationally. Based in Montreal, MTY is a family whose heart beats to the rhythm of its brands, the very soul of its multi-branded strategy. For over 40 years, it has been increasing its presence by delivering new concepts of restaurants, making acquisitions, and forging strategic alliances, which have allowed it to reach new heights year after year. By combining new trends with operational know-how, the brands forming the MTY Group now touch the lives of millions of people every year. With 7,001 locations, the many flavours of the MTY Group hold the key to responding to the different tastes and needs of today's consumers as well as those of tomorrow.



FOURTH QUARTER HIGHLIGHTS

- Free cash flows⁽¹⁾ for Q4-20 of \$43.9 million, up 1% compared to Q4-19; on a per diluted share basis, free cash flows were \$1.78 per share in the quarter, compared to \$1.74 a year before.
- For fiscal year 2020, free cash flows were \$140.7 million, up 20% compared to 2019; on a per diluted share basis, free cash flows for 2020 reached \$5.68, compared to \$4.64 in 2019.
- Adjusted EBITDA⁽¹⁾ for Q4-20 decreased 18% to reach \$35.2 million; adjusted EBITDA(1) for 2020 down 6% to \$137.8 million.
- Long-term debt repayments of \$37.6 million for the quarter.
- Net income attributable to shareholders for Q4-20 at \$20.1 million or \$0.81 per share.
- System sales⁽¹⁾ of \$891.4 million in Q4-20, compared to \$1,023.5 million in Q4-19; on a geographical basis, system sales increased 4% in the United States and decreased 30% and 40% respectively for Canada and for International locations.
- Digital sales⁽¹⁾ in Q4-20 more than doubled compared to Q4-19, now representing 22.5% of system sales.
- The MTY network counted 7,001 locations at year end, including 338 that were temporarily closed as a result of restrictions imposed by various authorities. During the fourth quarter, the network lost over 30,000 days of business because of temporary closures.
- As at February 17, 2021, there were 408 locations still temporarily closed.

MTY

Toronto Stock Exchange Symbol

\$47.66

Price as at February 18, 2021

High: \$57.95 Low: \$16.58

(52 weeks ended February 18, 2021)

24,706,461

Number of Shares Outstanding
(February 17, 2021)

A WORD FROM MANAGEMENT

2020 was unquestionably marked by its share of challenges for MTY but the resilience of our franchisees, team and business model as well as the strong performance of our brands was affirmed and ultimately allowed us to achieve record levels of cash flow from operations and free cash flows. In light of the unique circumstances of the past year, we focused our capital allocation priorities on debt reduction, repaying a total of \$109 million, shoring up our balance sheet and building a treasure chest for the future. Our ability to adapt was also showcased in our response to the rapid pandemic-induced consumer shift to online ordering and delivery. To this end, we expanded our third-party delivery partnerships and developed and further enhanced our brands' online ordering platforms. There was a major acceleration in the proportion of sales generated digitally, which represented 22.5% of system sales in the fourth quarter.

While evolving regional COVID-19 restrictions impacted our Q4 system sales, which were down 13% year-over-year, our adjusted EBITDA reached \$35 million. This performance was spearheaded by our two largest brands, Cold Stone Creamery and Papa Murphy's, as well as by the continuing measures implemented to manage our expense levels. To put things in perspective, over 30,000 business days were lost during the quarter while approximately 5% of the network was temporarily closed and many of the operating restaurants were doing so in a very limited capacity.

We enter our 2021 fiscal year in a solid financial position with \$44.3 million of cash on hand and over \$265 million available on our credit facilities. With an improving balance sheet, we remain attentive to M&A opportunities that may emerge in the post-pandemic market and environment. Our road to recovery in upcoming quarters remains closely tied to the lifting of COVID-19 restrictions. We spent the past year adapting our operations, marketing strategy and sales channels to a new and evolving business environment, which in many ways has positioned MTY more strongly for the future.

Eric Lefebvre
Chief Executive Officer
February 18, 2021

FINANCIAL HIGHLIGHTS

(in thousands of Canadian dollars, except per share information)

	Quarters ended November 30, (unaudited)		Years ended November 30, (audited)	
	2020	2019	2020	2019
Revenues	127,163	156,784	511,117	550,942
Adjusted EBITDA ⁽¹⁾	35,181	43,027	137,819	147,395
Net income (loss) attributable to shareholders	20,078	20,688	(37,108)	77,675
Cash flows from operations	44,841	37,897	133,652	112,951
Free cash flows ⁽¹⁾	43,910	43,577	140,652	116,938
Free cash flows per diluted share ⁽¹⁾	1.78	1.74	5.68	4.64
EPS basic	0.81	0.83	(1.50)	3.09
EPS diluted	0.81	0.83	(1.50)	3.08
System Sales ⁽¹⁾	891,400	1,023,500	3,459,100	3,619,800
Digital sales ⁽¹⁾	193,900	83,100	636,400	199,200

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

5-YEAR FINANCIAL REVIEW

(in thousands of Canadian dollars, except per share information, margin and number of locations)

	2020	2019 ⁽²⁾	2018 ⁽²⁾	2017 ⁽²⁾⁽³⁾	2016 ⁽²⁾⁽³⁾
System Sales ⁽¹⁾	3,459,100	3,619,800	2,782,500	2,302,000	1,480,000
Revenues	511,117	550,942	412,346	276,083	191,275
Adjusted EBITDA ⁽¹⁾	137,819	147,395	124,851	93,726	65,841
Adjusted EBITDA margin (%) ⁽¹⁾	27.0%	26.8%	30.3%	33.9%	34.4%
Net income	(36,895)	77,736	96,187	49,854	54,867
EPS diluted	(1.50)	3.08	3.95	2.32	2.73
Number of locations	7,001	7,373	5,984	5,469	5,681

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

⁽²⁾ Figures have not been restated for IFRS 16.

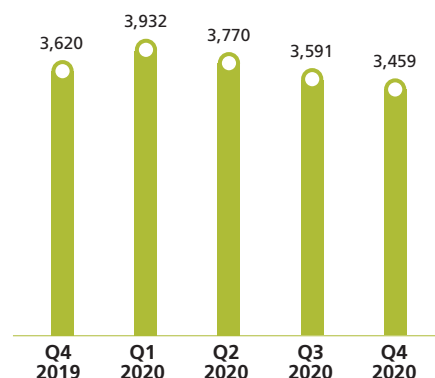
⁽³⁾ Figures have not been restated for IFRS 15.

MOST RECENT ACQUISITIONS

Brands	Date	Percentage of ownership	Number of franchised locations	Number of corporate locations
Turtle Jack's Muskoka Grill, COOP Wicked Chicken and Frat's Cucina (together "Tortoise Group")	December 2019	70%	20	3
Allô! Mon Coco	July 2019	100%	40	—
Yuzu Sushi	July 2019	100%	129	—
Papa Murphy's	May 2019	100%	1,301	103
South Street Burger	March 2019	100%	24	13

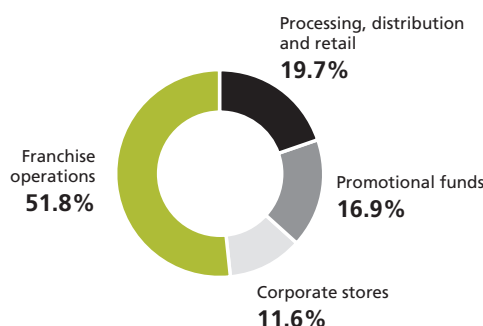
SYSTEM SALES TRAILING 12 MONTHS

(in millions of \$)

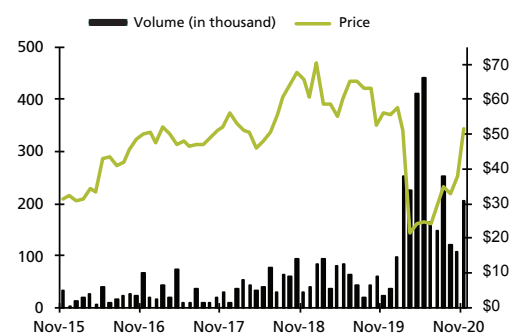


PRODUCT CATEGORIES

(in % of Q4 Revenue, excluding interco)



STOCK PERFORMANCE



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