



Source: MTY Food Group Inc.

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**PRESS RELEASE
FOR IMMEDIATE PUBLICATION**

MTY REPORTS SECOND QUARTER 2021 RESULTS

- Adjusted EBITDA⁽¹⁾ of \$43.5 million in the quarter, compared to \$18.2 million in Q2-20.
- Cash flows from operating activities of \$29.5 million, up by 54% compared to Q2-20, despite duration of COVID-19 pandemic.
- Free cash flows⁽¹⁾ per diluted share decreased by 5% compared to Q2-20 to reach \$1.11. Q2-20 was favorably impacted by the proceeds received from franchising multiple corporate locations.
- Net income attributable to shareholders of \$23.0 million in the quarter, or \$0.93 per share, up from a net loss attributable to shareholders of \$99.1 million, or \$4.01 per share, in Q2-20.
- Non-cash impairment charge of \$5.3 million related to intangible assets.
- Long-term debt repayments of \$15.2 million for the quarter.
- System sales⁽¹⁾ of \$891.5 million, up 33% compared to Q2-20. System sales up 56% in Canada, 24% in US and 38% Internationally.
- Second quarter digital sales⁽¹⁾ represent 27% and 22% of total system sales for Canada and the US, respectively in the quarter compared to 20% and 24% in Q2-20.
- 321 restaurants were temporarily closed at the beginning of the quarter and 359 at the end of the quarter. 258 remain temporarily closed as at the date of this press release.
- 977 locations were closed one or more days during the quarter, representing approximately 38,300 lost business days.
- Quarterly dividend restored with payment of \$0.185 per share on August 13, 2021 and NCIB renewed until July 2022.

(1) This is a non-GAAP measure. Please refer to the "Non-GAAP Measures" section at the end of this press release.

Montreal, July 9, 2021 – MTY Food Group Inc. ("MTY", "MTY Group" or the "Company") (TSX: MTY), one of the largest franchisors and operators of multiple restaurant concepts worldwide, reported its results for the second quarter ended May 31, 2021.

"We are satisfied with our second quarter results especially since some of our key markets remained impacted by heavy restrictions throughout the quarter. During this year's second quarter, MTY's network remained impacted by more than 38,000 lost business days. While this marked a sequential improvement over the first quarter, lost business days were higher than in the fourth quarter of last year owing to the December 2020 wave of restrictions in Quebec and Ontario which hadn't yet been lifted at the end of May 2021."

"We are extremely pleased to note that the adjusted EBITDA for the quarter more than doubled over last year to \$43.5 million despite the lingering impact of the pandemic, making it one of our best quarters ever. This reflects a marked recovery in Canada as well as organic growth of \$15.3 million in the US and International segment. This translated into strong cash flows from operating activities, which reached \$29.5 million. This allowed us to further reduce our debt level by \$15 million, bringing total repayments since the start of the pandemic to close to \$145 million," stated Eric Lefebvre, Chief Executive Officer of MTY.

“The outlook for the industry is clearly improving as government restrictions abate at various speeds. However, the industry continues to face challenges resulting from severe labour shortages and food price inflation. Overall, we are confident about our prospects and aim to reestablish the business momentum we experienced just prior to the pandemic. Since the beginning of the pandemic, we have had to take many difficult but necessary actions, but today, these place us in an excellent financial position with \$41.5 million of cash on hand, over \$205 million in available credit and ratios that are well within our comfort zone.”

“In light of our financial situation and with a more favorable outlook, we feel the time has come to review our capital allocation strategy; we are very proud to restore our quarterly dividend effective immediately, and will be paying a quarterly dividend of \$0.185 per share on August 13, 2021, to shareholders registered in the Company's records at the end of the business day on August 3, 2021.”

“We have also renewed our Normal Course Issuer Bid and will continue to have the ability to buy back our shares in the future based on our internal circumstances and market conditions. With regards to potential acquisitions, we remain active and are in a strong position to take advantage of opportunities,” concluded Mr. Lefebvre.

Financial Highlights (in thousands of \$, except per share information)	Q2-2021	Q2-2020	6 Months 2021	6 Months 2020
Revenues	135,857	97,808	254,817	248,588
Adjusted EBITDA ⁽¹⁾	43,481	18,213	76,118	59,250
Adjusted EBITDA per diluted share ⁽¹⁾	1.76	0.74	3.08	2.39
Net income (loss) attributable to shareholders	23,028	(99,126)	36,425	(80,118)
Cash flows from operations	29,541	19,207	60,848	50,187
Free cash flows ⁽¹⁾	27,497	28,926	57,797	59,664
Free cash flows per diluted share ⁽¹⁾	1.11	1.17	2.34	2.41
EPS basic	0.93	(4.01)	1.47	(3.23)
EPS diluted	0.93	(4.01)	1.47	(3.23)
System sales ⁽¹⁾	891,500	670,700	1,652,600	1,670,200
Digital sales ⁽¹⁾	203,400	146,900	418,600	245,300

(1) This is a non-GAAP measure. Please refer to the “Non-GAAP Measures” section at the end of this press release.

SECOND QUARTER RESULTS

Network:

- At the end of the period, MTY's network had 6,907 locations in operation, of which 6,772 were franchised or under operator agreements, 20 were operated through the joint venture and 115 were operated by MTY. The geographical split of MTY's locations remained steady as compared to the second quarter of 2020 with 54% in the US, 39% in Canada and 7% International.
- System sales were up 33% from the same period in 2020, reaching \$891.5 million. The quarterly increase was mainly due to the impacts of the COVID-19 pandemic, which was more severe in the prior year. The increase was partially offset by a \$53.8 million unfavorable variation in CAD/USD foreign exchange rates.

- Excluding the impact of foreign exchange fluctuations, the US network recorded positive organic growth in sales for the third quarter in a row.
- Digital sales in North America grew to \$203.4 million in the second quarter, from \$146.9 million the year before.
- At the end of the quarter, 359 locations were still temporarily closed because of the COVID-19 pandemic. Of the closed locations, 283 were in Canada, 54 in the US and 22 were Internationally located. During the quarter, 977 locations were temporarily closed for at least one day, resulting in approximately 38,300 business days lost. As at July 9, 2021, 258 locations remained temporarily closed.

Financial:

- Cash flows from operations increased 54% to \$29.5 million, compared to \$19.2 million for the second quarter of last year.
- The Company's revenues improved 39%, from \$97.8 million to \$135.8 million, mainly due to the impact of government restrictions related to the COVID-19 pandemic which was more severe in the year-ago period.
- Adjusted EBITDA increased 139% to \$43.5 million, compared to \$18.2 million for the second quarter of last year. The severe adverse impacts of the onset of the COVID-19 pandemic in the second quarter last year are the primary reason for the improvement.
- Net income attributable to shareholders was \$23.0 million, or \$0.93 per share (\$0.93 per diluted share), as compared to a net loss attributable to shareholders of \$99.1 million, or \$4.01 per share (\$4.01 per diluted share), for the same period last year.

LIQUIDITY AND CAPITAL RESOURCES

- In the second quarter of 2021, cash flows generated by operating activities were \$29.5 million, compared to \$19.2 million for the same period last year. Excluding the variation in non-cash working capital items, income taxes, interest paid and other, operations generated \$48.0 million in cash flows, compared to \$19.2 million for the second quarter of 2020.
- In the second quarter of 2021, the Company reimbursed \$15.2 million of its long-term debt.
- As at May 31, 2021, the Company had \$41.5 million of cash on hand, and a long-term debt of \$426.1 million mainly in the form of bank facilities and holdbacks on acquisitions.

NEAR-TERM OUTLOOK

The Company is closely monitoring the global situation surrounding COVID-19 and taking proactive steps to adapt to the changes for the well-being and safety of its employees, franchisees and customers, and the continuity of its operations and businesses. Given the dynamic nature of the situation, it is not possible to ascertain what impact there may be on the Company's long-term financial performance. MTY is taking the necessary steps to mitigate the potential consequences that this situation may have on its operations, franchisees, partners and service to MTY's customers. Please refer to section "Highlights of Significant Events" in the Company's Management's Discussion and Analysis ("MD&A") for further details on actions taken in response to COVID-19.

In the very short term, management's primary focus is to reopen the restaurants that have been temporarily closed as a result of the pandemic and to rebuild customer confidence by implementing proper safety measures and adjusting the way customers are served. Even after the pandemic is over, customer consumption patterns may shift temporarily or permanently from those traditionally witnessed and MTY will have to adapt to new customer behaviours. Management believes the Company will be able to regain customer confidence in the brands and restore the positive

momentum it saw in the first quarter of 2020. The Company's focus, after the pandemic, will still be on innovation, quality of food and customer service in each of the outlets and maximizing the value offered to customers.

The restaurant industry will remain more than ever challenging in the future as customer consumption patterns change and management believes that the focus on the food offering, innovation, consistency and store design will give MTY's restaurants a stronger position to face challenges. Given this difficult competitive context in which more restaurants compete for a finite amount of consumer dollars, each concept needs to preserve and improve the relevance of its offerings to consumers.

For further details, please refer to the MD&A.

CONFERENCE CALL

The MTY Group will hold a conference call to discuss these results on July 9, 2021, at 8:30 AM Eastern Time. Interested parties can join the call by dialing 1-514-400-4402 (Montreal or overseas) or 1-800-399-9540 (elsewhere in North America). Parties unable to call in at this time may access a recording by calling 1-800-770-2030 and entering the passcode 4629934. This recording will be available on Friday, July 9, 2021 as of 11:30 AM Eastern Time until 11:59 PM Eastern Time on Friday, July 16, 2021.

ABOUT MTY FOOD GROUP INC.

MTY Group franchises and operates quick-service, fast casual and casual dining restaurants under more than 80 different banners in Canada, the US 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 6,907 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.

NON-GAAP FINANCIAL MEASURES

Adjusted EBITDA (revenues less operating expenses (excludes income tax, interest, depreciation and amortization and all other income (charges)) plus share of net profit (loss) of a joint venture accounted for using the equity method), system sales, digital sales and free cash flows are widely accepted financial indicators but are not a measurement determined in accordance with International Financial Reporting Standards and may not be comparable to those presented by other companies. The Company uses these measures to evaluate the performance of the business as they reflect its ongoing operations. Refer to the "Compliance with International Financial Reporting Standards" section of the Company's MD&A.

FORWARD-LOOKING STATEMENTS

Certain information in this press release may constitute "forward-looking" information that involves known and unknown risks, uncertainties, future expectations and other factors, which may cause the actual results, performance or achievements of the Company or industry to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. This includes statements regarding the impacts that the novel COVID-19 pandemic may have on the Company's future operations as found in this release. When used in this press release, this information may include words such as "anticipate", "estimate", "may", "will", "expect", "believe", "plan" and other terminology. This information reflects current expectations regarding future events and operating performance and speaks only as of the date of this press release. Except as required by law, the Company assumes no obligation to update or revise forward-looking information to reflect new events or

circumstances. Additional information is available in the Company's MD&A, which can be found on SEDAR at www.sedar.com.

Note to readers: The MD&A, the condensed interim consolidated financial statements and notes thereto for the three and six-months periods ended May 31, 2021, are available on the SEDAR website at www.sedar.com and on the Company's website at www.mtygroup.com.