

MTY GROUP (TSX: MTY) 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.



SECOND QUARTER HIGHLIGHTS

- 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.

MTY

Toronto Stock Exchange Symbol

\$63.52

Price as at July 9, 2021

High: \$63.52 Low: \$27.85

(52 weeks ended July 9, 2021)

24,706,461

Number of Shares Outstanding
(July 8, 2021)

A WORD FROM MANAGEMENT

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.

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.

Eric Lefebvre
Chief Executive Officer
July 9, 2021

FINANCIAL HIGHLIGHTS

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

	Quarters ended May 31, (unaudited)		Six-month periods ended May 31, (unaudited)	
	2021	2020	2021	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 the press release.

RECENT EVENTS

- On June 28, 2021, MTY announced the renewal of its normal course issuer bid.
- On April 12, 2021, MTY announced planned partial reduction of share ownership by Stanley Ma.

5-YEAR FINANCIAL REVIEW

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

	Trail. 12 months	2020	2019 ⁽²⁾	2018 ⁽²⁾	2017 ⁽²⁾⁽³⁾
System Sales ⁽¹⁾	3,441,500	3,459,100	3,619,800	2,782,500	2,302,000
Revenues	517,346	511,117	550,942	412,346	276,083
Adjusted EBITDA ⁽¹⁾	154,687	137,819	147,395	124,851	93,726
Adjusted EBITDA margin (%) ⁽¹⁾	29.9%	27.0%	26.8%	30.3%	33.9%
Net income (loss)	79,715	(36,895)	77,736	96,187	49,854
EPS diluted	3.21	(1.50)	3.08	3.95	2.32
Number of locations	6,907	7,001	7,373	5,984	5,469

⁽¹⁾ This is a non-GAAP measure and is not a measurement determined in accordance with International Financial Reporting Standards ("IFRS") and may not be comparable to those presented by other companies. Refer to the "Compliance with International Financial Reporting Standards" section of the Company's Management's Discussion and Analysis.

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

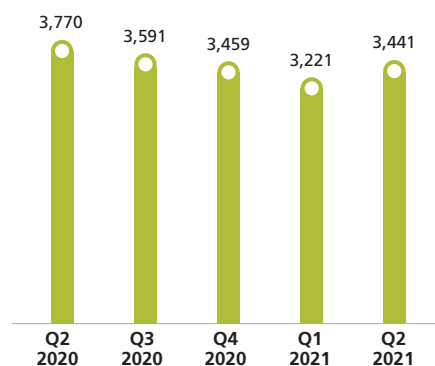
⁽³⁾ Figures have not been restated for IFRS 15.

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

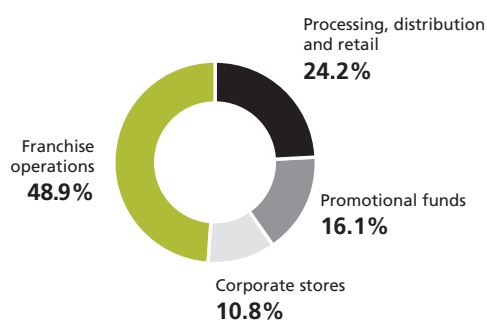
SYSTEM SALES TRAILING 12 MONTHS

(in millions of \$)

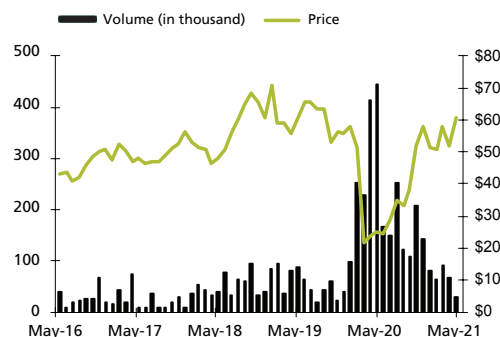


PRODUCT CATEGORIES

(in % of Q2 Revenue, excluding interco)



STOCK PERFORMANCE



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