



**Source:** MTY Food Group Inc.

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**PRESS RELEASE  
FOR IMMEDIATE PUBLICATION**

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## MTY REPORTS FIRST QUARTER 2022 RESULTS

- Adjusted EBITDA<sup>(1)</sup> of \$35.6 million in the quarter, compared to \$32.6 million in Q1-21.
- Cash flows from operating activities of \$39.7 million in the quarter.
- Free cash flows per diluted share<sup>(2)</sup> reached \$1.51.
- Net income attributable to owners of \$16.6 million in the quarter, or \$0.68 per diluted share, up from a net income attributable to owners of \$13.4 million, or \$0.54 per diluted share, in Q1-21.
- Long-term debt repayments of \$10.1 million for the quarter.
- Repurchased and cancelled 256,400 shares for a total consideration of \$14.6 million in Q1-22.
- System sales<sup>(3)</sup> of \$885.7 million, up 16% compared to Q1-21. System sales up 46% in Canada, 12% Internationally and 4% in the US.
- 82 restaurants were temporarily closed at the beginning of the quarter and 69 at the end of the quarter. 67 restaurants remained temporarily closed as at the date of this press release. 225 locations were closed one or more days during the quarter.
- Quarterly dividend payment of \$0.21 per share on February 15, 2022.
- Acquisition of Kūto Comptoir à Tartares in December 2021.

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

(2) This is a non-GAAP ratio. Please refer to the “Non-GAAP Ratios” section at the end of this press release.

(3) This is a supplementary financial measure. Please refer to the “Supplementary Financial Measures” section at the end of this press release.

**Montreal, April 8, 2022** – 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 first quarter ended February 28, 2022.

“Our network showed great resilience again in the first quarter of 2022. We are pleased with our overall financial results, realized while facing stringent public health measures in Canada for the better part of the first quarter of 2022 due to the Omicron variant,” stated Eric Lefebvre, Chief Executive Officer of MTY. “Profitability in terms of net income attributable to owners and adjusted EBITDA increased 24% and 9% year-over-year, respectively, while system sales grew 16% during the same period. Canadian sales continue to recover, with a 46% year-over-year growth in system sales, including a strong rebound from the casual dining concept, while our US sales continue their strong performance, with a 4% growth over last year. We are also highly encouraged by the opening of 75 new locations throughout MTY’s network in the first quarter, which makes it the best first quarter in our history in terms of restaurant openings.”

“Looking ahead, we anticipate continued recovery in Canada as public health measures get lifted. In the US, we’re facing a tougher comparable since most states had already loosened measures on the restaurant industry during the past year. As always, we’re opportunistically seeking acquisitions to supplement organic growth in order to generate added value for shareholders,” concluded Mr. Lefebvre.

<b>Financial Highlights</b>	<b>Q1-2022</b>	<b>Q1-2021</b>
<b>(in thousands of \$, except per share information)</b>		
Revenue	140,494	118,960
Adjusted EBITDA <sup>(1)</sup>	35,637	32,637
Net income attributable to owners	16,637	13,397
Cash flows from operations	39,696	31,307
Free cash flows <sup>(1)</sup>	36,970	30,300
Free cash flows per diluted share <sup>(2)</sup>	1.51	1.23
Net income per share, basic	0.68	0.54
Net income per share, diluted	0.68	0.54
System sales <sup>(3)</sup>	885,700	761,100
Digital sales <sup>(3)</sup>	210,800	215,200

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## FIRST QUARTER RESULTS

### Network:

- At the end of the quarter, MTY's network had 6,704 locations in operation, of which 89 were corporate and 6,615 were franchised. The geographical split of MTY's locations remained stable compared to the first quarter of 2021 with 54% in the US, 39% in Canada and 7% International.
- System sales increased 16% year-over-year to \$885.7 million mainly due to the momentum in the recovery from the COVID-19 pandemic. Despite the effects of the Omicron variant, Canada contributed most of the growth with a 46% increase year-over-year. US system sales grew 4% in the first quarter of 2022 with the removal of most government-imposed restrictions in key states and territories, while International system sales improved 12%. Casual dining concepts added \$44.0 million to overall growth in the first quarter of 2022, an increase of 86% year-over-year.
- At the end of the quarter, 69 locations were still temporarily closed because of the pandemic compared to 321 at the end of the same quarter last year. Of these temporarily closed locations, 52 were in Canada, 8 in the US and 9 Internationally. As at April 7, 2022, 67 locations remained temporarily closed.

### Financial:

- The Company's revenue grew 18% to \$140.5 million in the first quarter of 2022 mainly due to increased recurring revenue streams from franchise locations in Canada and higher food processing, distribution and retail revenues in Canada. Altogether, revenue from franchise locations in Canada surged 54% year-over-year. Food processing, distribution and retail revenue in Canada, meanwhile, improved 27% year-over-year on the strength of new listings in retail and expansion into new territories, as well as higher revenues generated by the Company's processing and distribution centers.
- Adjusted EBITDA increased 9% year-over-year to \$35.6 million in the first quarter of 2022. Major brands such as Cold Stone, Baton Rouge, Ben & Florentine, Thai Express and Sushi Shop greatly outperformed year-over-year. Mall and street locations generated growth of 63% and 11%, respectively.

- Net income attributable to owners reached \$16.6 million, or \$0.68 per share (\$0.68 per diluted share) in the first quarter of 2022 compared to \$13.4 million, or \$0.54 per share (\$0.54 per diluted share), in the same period last year.

## LIQUIDITY AND CAPITAL RESOURCES

- In the first quarter of 2022, cash flows generated by operating activities reached \$39.7 million, compared to \$31.3 million for the same period last year. Excluding the variation in non-cash working capital items, income taxes, interest paid and other, operations generated \$36.9 million in cash flows, compared to \$34.4 million for the first quarter of 2021.
- MTY reimbursed \$10.1 million of its long-term debt and paid \$5.1 million in dividends to its shareholders in the first quarter of 2022. The Company also repurchased and cancelled 256,400 shares for \$14.6 million through its Normal Course Issuer Bid during the quarter.
- As at February 28, 2022, the Company had \$52.5 million of cash on hand and long-term debt of \$362.2 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" of the Company's Management's Discussion and Analysis for the three months ended February 28, 2022 ("MD&A") for further details on actions taken in response to COVID-19.

Despite the lingering impacts of the pandemic and the obvious obligations to address the related short-term challenges, management's focus is now shifting back to a longer-term growth perspective. Sales are back to pre-pandemic levels for many of the brands and progressing in the right direction for the others. The restaurant industry will remain challenging in the future, with labour shortages and supply chain disruptions being felt across the network, adding to the existing pressure of competing in a market approaching saturation. Management believes however that the brands' continued focus on innovation, product quality, consistency and store design combined with the adjustments made during the pandemic to adjust to new customer expectations positions the network well for the future.

Before the pandemic, MTY's objectives were to generate organic growth while actively seeking potential accretive acquisitions. Those objectives have not changed and remain at the center of MTY's actions. To the extent possible, MTY's teams are focused on helping franchise partners generate positive same store sales, open new locations of existing concepts and ultimately achieve their profitability objectives. The individual success of franchisees is the basis for the success of MTY for the years to come. In the wake of COVID-19, MTY has diversified its sources of revenue by expanding into other sales channels, such as: launching multiple ghost kitchens in existing restaurant locations, thus benefitting from the synergies of shared costs, streamlined workflows as well as being able to respond to the increase in delivery and takeout orders; and launching new products in the retail division and expanding into new territories, in response to increased consumer spending in grocery stores that has continued throughout the waves of the pandemic.

Given the Company's capital allocation since the onset of the pandemic and the amount of debt that was repaid since, the Company is financially well positioned to seize acquisition opportunities that are presented to management. However, despite its appetite to make acquisitions and grow its network, the Company will remain disciplined in its search for the right acquisition targets, at the right price and with the right synergies. For further details, please refer to the MD&A.

## **CONFERENCE CALL**

The MTY Group will hold a conference call to discuss its results on April 8, 2022, 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, April 8, 2022, as of 11:30 AM Eastern Time until 11:59 PM Eastern Time on Friday, April 15, 2022.

## **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 6,704 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 MEASURES**

Adjusted EBITDA (net income (loss), excluding income tax, all other income (expenses), interest, depreciation and amortization, and net impairment charges), and free cash flows (sum total cash flows from operating activities less capital expenditures net of disposals) 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 believes that non-GAAP measures, non-GAAP ratios (defined below) and supplemental financial measures (defined below) are useful because they are consistent with the indicators management uses internally to measure the Company's performance, to prepare operating budgets and to determine components of executive compensation. The Company also believes that these measures are used by securities analysts, investors and other interested parties and that these measures allow them to compare the Company's operations and financial performance from period to period and provide them with a supplemental measure of the operating performance and financial position and thus highlight trends in the core business that may not otherwise be apparent when relying solely on GAAP measures. Refer to the "Compliance with International Financial Reporting Standards" section of the Company's MD&A.

## **NON-GAAP RATIOS**

Management discloses non-GAAP ratios as they have been identified as relevant metrics to evaluate the performance of the Company. These include free cash flows per diluted share (free cash flows divided by diluted shares).

## **SUPPLEMENTARY FINANCIAL MEASURES**

Management discloses supplementary financial measures as they have been identified as relevant metrics to evaluate the performance of the Company. These include system sales (sales of all existing restaurants including those that have closed or have opened during the period, as well as the sales of new concepts acquired from the closing date of the transaction and forward) and digital sales (sales made by customers through online ordering platforms).

## **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](http://www.sedar.com).

**Note to readers:** The MD&A, the condensed interim consolidated financial statements and notes thereto for the first quarter ended February 28, 2022, are available on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.mtygroup.com](http://www.mtygroup.com).