



Source: MTY Food Group Inc.

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**PRESS RELEASE
FOR IMMEDIATE PUBLICATION**

MTY REPORTS SECOND QUARTER 2022 RESULTS AND DECLARES ITS QUARTERLY DIVIDEND

- Adjusted EBITDA⁽¹⁾ of \$47.6 million in the quarter, compared to \$43.5 million in Q2-21.
- Cash flows from operating activities of \$30.7 million in the quarter.
- Free cash flows per diluted share⁽²⁾ reached \$1.06.
- Net income attributable to owners of \$28.6 million in the quarter, or \$1.17 per diluted share, up from a net income attributable to owners of \$23.0 million, or \$0.93 per diluted share, in Q2-21.
- Long-term debt repayments of \$12.1 million for the quarter.
- System sales⁽³⁾ of \$1,054.3 million, up 18% compared to Q2-21. System sales up 55% in Canada, 19% Internationally and 1% in the US.
- Quarterly dividend payment of \$0.21 per share on August 15, 2022 and NCIB renewed until July 2023.

(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, July 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 today its results for the second quarter ended May 31, 2022 and declares its quarterly dividend of 21.0¢ per share, payable on August 15, 2022 to shareholders registered in the Company’s records at the end of the business day on August 3, 2022.

“We are delighted with our strong financial performance in the second quarter of 2022, highlighted by an 18% year-over-year increase in system sales, quarterly net income attributable to owners increasing sharply to \$28.6 million and robust adjusted EBITDA of \$47.6 million,” stated Eric Lefebvre, Chief Executive Officer of MTY. “The lifting of government-imposed restrictions in Canada related to the COVID-19 pandemic largely benefited our business as revenue from franchise operations grew 46% year-over-year north of the border. Altogether, system sales in Canada improved 55% in the second quarter of 2022. Globally, the casual dining concepts profited most from the pandemic recovery with system sales growth of 107% in the second quarter. Our top 20 brands, which accounted for 84% of our network sales in the most recent quarter, performed very well with average sales growth of 14% year-over-year.”

“Restaurant closings were at their lowest level in 16 quarters, at 91. This was realized despite one franchisee closing 22 locations during the quarter. Although we still aim at closing fewer restaurants, this is a small step in the right direction. The opening of new locations, which reached 47 restaurants during the quarter, continues to be under pressure due to ongoing supply chain and construction issues, but there are encouraging signs these matters are beginning to subside, particularly in the US.”

“From a balance sheet perspective, we continued our disciplined debt reduction program by reimbursing \$12.1 million in the second quarter. We are in an excellent position to realize acquisitions with more than \$300 million in liquidities available, including our available credit facility and cash on hand,” Mr. Lefebvre added.

Financial Highlights	Q2-2022	Q2-2021	6 Months 2022	6 Months 2021
(in thousands of \$, except per share information)				
Revenue	162,518	135,857	303,012	254,817
Adjusted EBITDA ⁽¹⁾	47,649	43,481	83,286	76,118
Adjusted EBITDA per diluted share ⁽²⁾	1.95	1.76	3.40	3.08
Net income attributable to owners	28,619	23,028	45,256	36,425
Cash flows from operations	30,739	29,541	70,435	60,848
Free cash flows ⁽¹⁾	25,983	27,497	62,953	57,797
Free cash flows per diluted share ⁽²⁾	1.06	1.11	2.57	2.34
Net income per share, basic	1.17	0.93	1.85	1.47
Net income per share, diluted	1.17	0.93	1.85	1.47
System sales ⁽³⁾	1,054,300	891,500	1,940,000	1,652,600
Digital sales ⁽³⁾	206,900	203,400	417,700	418,600

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SECOND QUARTER RESULTS

Network:

- At the end of the quarter, MTY’s network had 6,660 locations in operation, of which 89 were corporate and 6,571 were franchised. The geographical split of MTY’s locations remained stable compared to the second quarter of 2021 with 54% in the US, 39% in Canada and 7% International.
- System sales increased 18% year-over-year to \$1,054.3 million mainly due to the momentum in the recovery from the COVID-19 pandemic. Canada contributed to most of the increase with a 55% improvement, given the removal of most government-imposed restrictions during the quarter. US system sales grew 1% in the second quarter of 2022 compared to the same period in 2021. Globally, the casual dining concepts contributed \$94.8 million to overall growth in the second quarter of 2022, an increase of 107% year-over-year.

Financial:

- Company revenue increased 20% year-over-year to \$162.5 million in the second quarter of 2022 mainly due to a 46% surge in revenue from franchise locations in Canada and a 32% improvement in food processing, distribution and retail revenue in Canada. Altogether, revenue in Canada grew 42% in the second quarter of 2022 as government-imposed restrictions related to the COVID-19 pandemic were mostly lifted, while revenue in the US and International segment declined by 1%.
- Adjusted EBITDA increased 10% year-over-year to \$47.6 million in the second quarter of 2022. Mall and street locations generated growth of 61% and 13%, respectively.

- Net income attributable to owners reached \$28.6 million, or \$1.17 per share (\$1.17 per diluted share) in the second quarter of 2022 compared to \$23.0 million, or \$0.93 per share (\$0.93 per diluted share), in the same period last year.

LIQUIDITY AND CAPITAL RESOURCES

- Cash flows generated by operating activities reached \$30.7 million in the second quarter of 2022 compared to \$29.5 million in the same period last year.
- MTY reimbursed \$12.1 million of its long-term debt and paid \$5.1 million in dividends to its shareholders in the second quarter of 2022.
- As at May 31, 2022, the Company had \$56.2 million of cash on hand and long-term debt of \$348.9 million, mainly in the form of bank facilities and holdbacks on acquisitions.

NEAR-TERM OUTLOOK

The Company continues to monitor the global situation surrounding COVID-19 even as restrictions are lifted and is 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 and six months ended May 31, 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 most brands and geographies and continue their progression 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.

CONFERENCE CALL

The MTY Group will hold a conference call to discuss its results on July 8, 2022, at 8:30 AM Eastern Time. Interested parties can join the call by dialing 1-416-764-8646 (Toronto or overseas) or 1-888-396-8049 (elsewhere in North America). Parties unable to call in at this time may access a recording by calling 1-877-674-7070 and entering the passcode 863814. This recording will be available on Friday, July 8, 2022, as of 11:30 AM Eastern Time until 11:59 PM Eastern Time on Friday, July 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 6,660 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) and adjusted EBITDA per diluted share (adjusted EBITDA 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.

Note to readers: The MD&A, the condensed interim consolidated financial statements and notes thereto for the second quarter ended May 31, 2022, are available on the SEDAR website at www.sedar.com and on the Company's website at www.mtygroup.com.