

## MTY FOOD GROUP INC. TO ACQUIRE WETZEL'S PRETZELS

**MONTREAL, November 2, 2022** - MTY Food Group Inc. ("MTY" or the "Company") (TSX:MTY) today announced that one of its wholly owned subsidiaries, MTY Franchising USA, Inc., has entered into a definitive merger agreement (the "Merger Agreement") under which MTY would acquire all of the issued and outstanding shares of COP WP Parent, Inc. ("Wetzel's Pretzels", [www.wetzels.com](http://www.wetzels.com)) for cash consideration of approximately US\$207 million (C\$284 million) (the "Transaction"), on a cash-free, debt-free basis. The terms and conditions of the Merger Agreement were unanimously approved by the Boards of Directors of both companies. The Transaction is subject to customary closing conditions including receipt of applicable regulatory approvals. Upon completion of the Transaction, Wetzel's Pretzels will become a wholly owned subsidiary of MTY.

Wetzel's Pretzels is a franchisor and operator of quick service restaurants operating in the snack category. Its network of over 350 locations, 90% of which are franchised, can be seen in 25 states in the U.S., as well as in Canada and Panama. During the last twelve months, total network sales have reached approximately US\$245 million, serving nearly 21 million customers.

"This transaction represents another key acquisition for MTY as it adds another iconic brand to MTY's U.S. portfolio. The transaction enhances MTY's footprint in the snack category, with Wetzel's Pretzels' strong network of franchise partners, well-run corporate-owned locations, and a best-in-class management team. Its products are extremely craveable and are recognized everywhere in the U.S. by a broad range of customers. We look forward to exploring all the opportunities this transaction brings to both companies" commented Eric Lefebvre, Chief Executive Officer of MTY.

### Transaction Highlights

- Adds well-established brand that is a category leader to MTY's portfolio of restaurant brands, as well as a promising new street concept operating under Twisted by Wetzel's.
- Further expands MTY's geographic footprint in the United States
  - Broadens MTY's U.S. footprint to over 4,200 locations in the country
  - MTY's system sales from U.S. locations are expected to increase to approximately 70% of total system sales post Transaction
- Diversifies MTY's restaurant concepts with greater exposure to the snack category and minimal seasonality
- Highly talented management and employee base
  - Seasoned management team with a strong operational track record
  - Supported by a well-established organizational structure and experienced employee base
- Expected to be immediately accretive to MTY's earnings, EBITDA and free cash flow per share

### Transaction Financing

Prior to the Transaction, MTY and a syndicate of banks agreed to increase its existing revolving credit facility to C\$900 million and extended the maturity to October 2025. The terms and conditions of the increased facility are materially similar to the terms in effect prior to the modification.

The Transaction is therefore not subject to any financing condition and the consideration will be 100% funded in cash. MTY will use its cash on hand and its credit facility to fund the cash consideration.

MTY's pro forma Net Debt / EBITDA (excluding leases) is expected to stand within a comfortable zone offering good flexibility should more opportunities surface in the near future.

### **Transaction Details**

The Transaction is expected to close in the next 30 to 45 days. There is no assurance the Transaction will be completed as described above or at all, or that the anticipated closing date will materialize.

### **Non-IFRS Measures**

This news release makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the MTY or Wetzel's Pretzels results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of MTY or Wetzel's Pretzels financial information reported under IFRS. MTY or Wetzel's Pretzels use non-IFRS measures including "System Sales" and "EBITDA" to provide investors with supplemental measures of its operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. MTY also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. MTY or Wetzel's Pretzels management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets, and to determine components of management compensation.

"System Sales" represents the net sales received from restaurant guests at both corporate and franchise restaurants including take-out and delivery customer orders. System Sales includes sales from both established restaurants as well as new restaurants. MTY's management believes System Sales provides meaningful information to investors regarding the size of MTY's and Wetzel's Pretzels restaurant networks, the total market share of their brands and the overall financial performance of their brands and restaurant owner bases, which ultimately impacts MTY and Wetzel's Pretzels consolidated financial performance.

"EBITDA" is defined as net earnings (loss) from continuing operations before net interest expense and other financing charges, losses (gains) on derivative, income taxes, depreciation of property, plant and equipment, amortization of intangible assets, and impairment of assets, net of reversals.

### **Forward Looking Information**

Certain information in this news release constitutes "forward-looking" information that involves known and unknown risks and uncertainties future expectations and other factors which may cause the actual results, performance or achievements of MTY, Wetzel's Pretzels or the combined company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. All statements other than statements of historical facts included in this news release may constitute forward looking statements within the meaning of Canadian securities legislation and regulation. In particular, this news release contains statements that may constitute forward looking statements within the meaning of Canadian securities legislation and regulation regarding, without limitation, the completion of the Transaction, the potential closing date of the Transaction and the potential impact of the Transaction on the combined entity's future operations, the suitability of the Transaction for MTY; the effect of the Transaction on Wetzel's Pretzels stakeholders; the expected EBITDA, revenue, system sales and potential growth of the combined entity; potential future acquisition opportunities. Forward-looking statements can generally be identified by the use of forward-looking terminology such as "anticipate", "estimate", "may",

“will”, “expect”, “believe”, “plan” or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. These forward-looking statements are not facts or guarantees of future performance, but only reflections of estimates and expectations of MTY’s management and involve a number of risks, uncertainties, and assumptions.

The forward-looking information contained in this news release reflects MTY’s current expectations and assumptions regarding future events and operating performance and speaks only as of the date of this news release. These expectations and assumptions include, but are not limited to: the currency exchange rates used to derive Canadian dollar expectations; market acceptance of the Transaction; the satisfactory fulfilment of all of the conditions precedent to the Transaction; the receipt of all required approvals and consents including any regulatory approvals; future results of Wetzel’s Pretzels’ business and operations meeting or exceeding historical results; the success of the integration of Wetzel’s Pretzels operations and management team with MTY’s operations and business; and market acceptance of potential future acquisitions by MTY. While these assumptions and expectations are considered reasonable, a number of factors could cause the actual results, level of activity, performance or achievements to be materially different from the expectations and assumptions of MTY and Wetzel’s Pretzels, including those discussed in MTY’s public filings available at [www.sedar.com](http://www.sedar.com) and in its most recent annual information form under “Risk Factors” and in its management’s discussion and analysis for its fiscal year ended November 30, 2021 under “Risk and Uncertainties”.

Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this news release is expressly qualified by this cautionary statement. Except as required by law, MTY assumes no obligation to update or revise forward-looking information to reflect new events or circumstances. The purpose of the forward-looking information contained in this news release is to, inter alia, provide a potential financial outlook of the combined entity and this information may not be appropriate for other purposes. All such forward-looking statements are made pursuant to the “safe harbor” provisions of applicable securities laws

### **About MTY Food Group**

MTY Group franchises and operates quick-service and casual dining restaurants under approximately 90 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 in quick-service restaurants and making acquisitions and strategic alliances that 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 nearly 7,000 locations in operation, the many flavours of the MTY Group have the key to responding to the different tastes and needs of consumers today and tomorrow.

**For more information about MTY or the Transaction, please contact Eric Lefebvre, Chief Executive Office at 1-514-336-8885 or by email at [ir@mtygroup.com](mailto:ir@mtygroup.com) or visit our website, <https://mtygroup.com> or SEDAR’s website at [www.sedar.com](http://www.sedar.com) under the Company’s name.**