



**Source:** MTY Food Group Inc.

**Contacts:** Eric Lefebvre, CPA, MBA

Chief Executive Officer  
Tel: (514) 336-8885  
[ir@mtygroup.com](mailto:ir@mtygroup.com)

Pierre Boucher, CPA, CMA

Vance Oliver

MaisonBrison Communications

Tel: (514) 731-0000

**PRESS RELEASE  
FOR IMMEDIATE PUBLICATION**

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## **MTY REPORTS FIRST QUARTER RESULTS FOR FISCAL 2023 AND DECLARES ITS QUARTERLY DIVIDEND**

- **Normalized adjusted EBITDA<sup>(1)</sup> increased 79% to \$64.0 million in the quarter, compared to \$35.6 million in Q1-22.**
- **System sales<sup>(2)</sup> reached an all-time record-high of \$1.4 billion in the quarter, up 54% compared to Q1-22. System sales up 69% in the US, 32% in Canada and 12% Internationally.**
- **Organic growth contributed an increase of \$7.1 million, or 20%, in normalized adjusted EBITDA and an increase of 14% in system sales.**
- **Net income attributable to owners of \$18.4 million in the quarter, or \$0.75 per diluted share, compared to \$16.6 million, or \$0.68 per diluted share, in Q1-22.**
- **Long-term debt repayments of \$29.6 million for the quarter.**
- **Quarterly dividend payment of \$0.25 per share on May 15, 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 supplementary financial measure. Please refer to the “Supplementary Financial Measures” section at the end of this press release.

**Montreal, April 12, 2023** – 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 financial results for the first quarter ended February 28, 2023 and declares its quarterly dividend of 25.0¢ per share, payable on May 15, 2023 to shareholders registered in the Company’s records at the end of the business day on May 3, 2023.

“We are pleased with our robust financial performance in the first quarter of 2023, highlighted by normalized adjusted EBITDA of \$64.0 million and record-high system sales of \$1.4 billion,” stated Eric Lefebvre, Chief Executive Officer of MTY. “Our acquisitions of Wetzel’s Pretzels and Sauce Pizza and Wine during the quarter, along with the earlier BBQ Holdings transaction, largely contributed to 69% year-over-year growth in system sales in the US market. On the Canadian side, we delivered 32% system sales growth as the business rebounded from pandemic-related restrictions in the first quarter last year. We are particularly proud that our organic business complemented acquisitional growth with year-over-year improvements of 20% and 14% in normalized adjusted EBITDA and system sales, respectively. As a result, our profitable growth strategy is materializing as planned early in 2023 with most key performance indicators flashing green across our management dashboard.”

“As anticipated, our normalized adjusted EBITDA margin decreased year-over-year due to a higher corporate store contribution following recent acquisitions, but all our segment margins are up compared to the same period last year. Our consolidated margin has shifted based on the increased relative weight of corporate locations. This segment is a highly profitable business that will help sustain our growth momentum on a long-term basis.”

“In terms of capital allocation priorities for 2023, we will continue to opportunistically seek acquisitions, reduce our debt, invest in our business, and reward shareholders with healthy dividends,” Mr. Lefebvre concluded.

<b>Financial Highlights</b>	<b>Q1-2023</b>	<b>Q1-2022</b>
<b>(in thousands of \$, except per share information)</b>		
Revenue	286,003	140,494
Adjusted EBITDA <sup>(1)</sup>	62,863	35,637
Normalized adjusted EBITDA <sup>(1)</sup>	63,959	35,637
Net income attributable to owners	18,387	16,637
Cash flows from operations	36,728	38,831
Free cash flows <sup>(1)</sup>	29,192	36,105
Free cash flows per diluted share <sup>(2)</sup>	1.19	1.47
Net income per share, basic	0.75	0.68
Net income per share, diluted	0.75	0.68
System sales <sup>(3)</sup>	1,362,500	885,700
Digital sales <sup>(3)</sup>	246,200	210,800

(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.

## FIRST QUARTER RESULTS

### Network

- At the end of the first quarter of 2023, MTY's network had 7,128 locations in operation, of which 6,895 were franchised or under operator agreements and 233 were corporate. Following recent acquisitions, the geographical split among MTY's locations slightly shifted in favour of the US, with 58% based in the US, 35% in Canada and 7% International.
- During the first quarter of 2023, MTY's network acquired 379 locations (Q1 2022 – 31), opened 76 locations (Q1 2022 – 75) and closed 115 locations (Q1 2022 – 121).
- System sales increased 54% year-over-year to \$1.4 billion in the first quarter of 2023. The US contributed most of the growth with a 69% improvement year-over-year, largely driven by the acquisitions of BBQ Holdings in September 2022 as well as Wetzel's Pretzels and Sauce Pizza and Wine in December 2022. Excluding acquisitions, quick service and casual dining sales rose 50% and 14%, respectively, in the US. In Canada, MTY generated organic growth of 32% in the first quarter of 2023 as the business rebounded from government-imposed restrictions related to the COVID-19 pandemic in the same period last year.

### Financial

- The Company's revenue grew 104% year-over-year to \$286.0 million in the first quarter of 2023. The increase is mainly due to the BBQ Holdings, Wetzel's Pretzels, and Sauce Pizza and Wine acquisitions which contributed to the increases in revenue for franchise operations and corporate restaurants in the US and International segment of 43% and 2,398%, respectively. In Canada, franchise operations, corporate restaurants, as well as food processing, distribution and retail revenue improved 33%, 31% and 5%, respectively, as the overall business recovered from government-imposed restrictions related to the pandemic in the first quarter of 2022.
- Normalized adjusted EBITDA, which excludes acquisition-related expenses, increased 79% year-over-year to \$64.0 million in the first quarter of 2023 on the strength of recent acquisitions in the US and a return to pre-pandemic market conditions in Canada.

- Net income attributable to owners totaled \$18.4 million, or \$0.75 per share (\$0.75 per diluted share), in the first quarter of 2023 compared to \$16.6 million, or \$0.68 per share (\$0.68 per diluted share), in the same period in 2022. Net income attributable to owners in the first quarter of 2023 was negatively affected by higher interest on long-term debt; an increase in the depreciation of property, plant and equipment and right-of-use assets; additional unrealized foreign exchange losses; and acquisition-related transaction expenses linked to the Wetzels Pretzels and Sauce Pizza and Wine deals. These factors were partially offset by a loss on the remeasurement of a joint venture that was incurred in the prior year.

## **LIQUIDITY AND CAPITAL RESOURCES**

- In the first quarter of 2023, cash flows generated by operating activities totaled \$36.7 million, compared to \$38.8 million for the same period last year.
- MTY reimbursed \$29.6 million of its long-term debt and paid \$6.1 million in dividends to its shareholders in the first quarter of 2023.
- As at February 28, 2023, MTY had \$58.7 million of cash on hand and long-term debt of \$839.7 million, mainly in the form of bank facilities and promissory notes on acquisitions. The Company also had a revolving credit facility of \$900.0 million, of which US\$609.0 million had been drawn at quarter-end. A hedging strategy with interest swaps has been implemented to provide additional financial flexibility.

## **CONFERENCE CALL**

The MTY Group will hold a conference call to discuss its financial results on April 12, 2023, at 8:30 AM Eastern Time. Interested parties can join the call by dialing 1-416-764-8658 (Toronto or overseas) or 1-888-886-7786 (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 523305. This recording will be available on Wednesday, April 12, 2023, as of 11:30 AM Eastern Time until 11:59 PM Eastern Time on Wednesday, April 19, 2023.

## **ABOUT MTY FOOD GROUP INC.**

MTY Group franchises and operates quick-service, fast casual and casual dining restaurants under more than 85 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 7,128 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 (revenue less operating expenses), normalized adjusted EBITDA (revenue less operating expenses excluding transaction costs related to acquisitions) and free cash flows (net cash flows provided by operating activities, used in additions to property, plant and equipment and intangible assets and provided by proceeds on disposal of property, plant and equipment) are non-GAAP (generally accepted accounting principles) measures, do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

The Company believes that adjusted EBITDA is a useful metric because it is 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 believes that normalized adjusted EBITDA is a useful metric for the same reasons as adjusted EBITDA, without including the impact of transaction costs related to acquisitions, which may vary in occurrence and in amount. The Company believes that free cash flows are a useful metric because they provide the

Company with a measure related to decision-making about cash-intensive matters such as capital expenditures, compensation, and potential acquisitions. 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 Management's Discussion and Analysis of the financial position and financial performance ("MD&A").

## **NON-GAAP RATIOS**

Free cash flows per diluted share (free cash flows divided by diluted shares) are a non-GAAP ratio, do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. The Company believes that free cash flows per diluted share are a useful metric because they are used by securities analysts, investors and other interested parties as a measure of the Company's cash flows that are available to be distributed to debt and equity shareholders, including to pay debt, to pay dividends, and to repurchase shares. Refer to the "Compliance with International Financial Reporting Standards" section of the Company's MD&A.

## **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. 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, 2023, 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).