Source: **MTY Food Group Inc.**

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PRESS RELEASE
FOR IMMEDIATE PUBLICATION

MTY REPORTS FOURTH QUARTER AND FISCAL 2022 RESULTS

- **Normalized adjusted EBITDA(1) increased 25% to $53.5 million in Q4-22 and 11% to a record $187.4 million in 2022.**
- **Cash flows from operating activities amounted to $35.5 million in Q4-22 and $142.8 million in 2022.**
- **Free cash flows per diluted share(2) totaled $1.34 in Q4-22 and $5.37 in 2022.**
- **System sales(3) reached $1.2 billion in the quarter and $4.3 billion in the last twelve months.**
- **Net income attributable to owners of $7.1 million in Q4-22, or $0.29 per diluted share, and $74.8 million, or $3.06 per diluted share, in 2022. In both cases, the decline is mainly due to acquisition-related transaction costs and higher non-cash impairment charges on intangible assets.**
- **Long-term debt repayments of $23.9 million in Q4-22 and $80.2 million in 2022.**
- **Quarterly dividend payment of $0.25 per share on February 15, 2023.**
- **Acquisition of Wetzel's Pretzels on December 8, 2022 for a cash consideration of approximately $282.0 million (US$207.0 million).**
- **Acquisition of Sauce Pizza and Wine on December 15, 2022 for a total consideration of $14.8 million (US$10.8 million).**

(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, February 16, 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 its fourth quarter and fiscal year ended November 30, 2022.

"We are extremely proud of the results realized during 2022, a year marked by COVID-related restrictions early in the year, labour and supply chain challenges, inflationary pressure and uncertain market conditions," said Eric Lefebvre, Chief Executive Officer of MTY. "We delivered record normalized adjusted EBITDA of more than $187 million, generated cash flows from operations of $143 millions and our system sales exceeded $4 billion for the first time on the strength of well-executed organic and acquisition-related growth. For 2023, the acquisitions of BBQ Holdings, for which only two months of activity are reflected in our 2022 results, Wetzel's Pretzels and Sauce Pizza and Wine, which were both realized in early 2023, are expected to have a strong positive impact on the business and help us achieve new heights."

"In the fourth quarter of 2022, we continued our growth momentum with both normalized adjusted EBITDA and system sales increasing 25% year-over-year to $53.5 million and $1.2 billion, respectively," Mr. Lefebvre added. "We are particularly pleased about generating a healthy organic growth in the quarter to complement our expansion through acquisition. Looking ahead to 2023, achieving growth organically and via M&A will remain our main objective."

Financial Highlights **(in thousands of $, except per share information)**	**Q4-2022**	**Q4-2021**	**2022**	**2021**
Revenue	241,970	146,285	716,522	551,903
Adjusted EBITDA(1)	49,876	42,831	182,082	168,622
Normalized adjusted EBITDA(1)	53,474	42,831	187,352	168,622
Net income attributable to owners	7,126	24,877	74,817	85,639
Cash flows from operations	35,524	31,898	142,797	139,299
Free cash flows(1)	32,853	35,603	131,270	139,001
Free cash flows per diluted share(2)	1.34	1.44	5.37	5.62
EPS basic	0.29	1.01	3.06	3.47
EPS diluted	0.29	1.00	3.06	3.46
System sales(3)	1,206,500	962,500	4,251,200	3,631,300
Digital sales(3)	208,500	193,700	820,300	803,600

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

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FOURTH QUARTER RESULTS

Network

- At the end of the quarter, MTY's network had 6,788 locations in operation, of which 6,589 were franchised or under operator agreements and the remaining 199 locations were operated by the Company. As a result of the acquisition of BBQ Holdings, the geographical split of MTY's locations changed slightly, with 56% in the US, 37% in Canada and 7% Internationally located.
- System sales grew 25% year-over-year to $1.2 billion in the fourth quarter with the acquisition of BBQ Holdings which complemented the organic growth generated by existing locations.

Financial

- The Company's revenue rose 65% year-over-year to $242.0 million in the fourth quarter mainly driven by the BBQ Holdings acquisition. The two-month impact of the transaction delivered growth for franchise operations and corporate restaurants of $4.3 million and $67.6 million, respectively, in the US and International segment. In Canada, franchise operations and food processing, distribution and retail were the major revenue contributors with year-over-year growth of 25% and 22%, respectively.
- Normalized adjusted EBITDA, which excludes acquisition-related expenses, improved 25% year-over-year to $53.5 million in the fourth quarter of 2022 on the strength of the BBQ Holdings acquisition in the US and International segment and a return to pre-pandemic market conditions in Canada.

- Net income attributable to owners totaled $7.1 million, or $0.29 per share ($0.29 per diluted share), in the fourth quarter compared to $24.9 million, or $1.01 per share ($1.00 per diluted share), for the same period in 2021. The decrease was mainly due to higher non-cash impairment charges on intangible assets, higher interest on long-term debt, a decrease in the gain on revaluation of financial liabilities recorded at fair value, a decrease in the gain on disposal of property, plant and equipment, as well as acquisition-related transaction costs incurred for the acquisitions of BBQ Holdings and Wetzel's Pretzels.

FISCAL 2022 RESULTS

Network

- System sales improved 17% to $4.3 billion in fiscal 2022. Excluding acquisitions, systems sales were up 12% year-over-year with Canada contributing the majority of the growth. The casual dining and quick service restaurant concepts in Canada led the increase, representing 31% and 23% of the total year-over-year growth, respectively. Major brands in Canada such as Allô! Mon Coco, Baton Rouge, Ben & Florentine, Manchu Wok, and Thaï Express greatly outperformed the prior year as customers returned to in-person dining post-pandemic.
- Digital sales in 2022 amounted to $820.3 million, or 20% of system sales, compared to $803.6 million, or 23% of system sales, in 2021. Digital sales pertain mostly to take-out orders and delivery sales, which benefited from the Company's increased investments in online ordering and third-party delivery options.
- MTY's network acquired 332 locations (2021 – nil), opened 245 locations (2021 – 218 locations and three locations through a joint venture) and closed 507 locations (2021 – 489 locations and one location through a joint venture) during the fiscal year.

Financial

- The Company's revenue rose 30% to $716.5 million in fiscal 2022. The year-over-year revenue growth can mainly be attributed to a 123% revenue surge from US and International corporate stores, mostly attributable to the BBQ Holdings acquisition as well as a 32% increase from franchise operations and 30% improvement from food processing, distribution and retail channels, both in Canada.
- Normalized adjusted EBITDA grew 11% to a record $187.4 million in 2022 from $168.6 million in 2021.
- Net income attributable to owners totaled $74.8 million, or $3.06 per share ($3.06 per diluted share), in 2022 compared to $85.6 million, or $3.47 per share ($3.46 per diluted share), in 2021.

LIQUIDITY AND CAPITAL RESOURCES

- In fiscal 2022, cash flows generated by operating activities reached $142.8 million compared to $139.3 million in 2021.
- MTY reimbursed $80.2 million of its long-term debt and paid $20.5 million in dividends to its shareholders in fiscal 2022. The Company also repurchased and cancelled 256,400 of its shares for $14.6 million through its Normal Course Issuer Bid in the past fiscal year.
- As at November 30, 2022, the Company had $59.5 million of cash on hand and long-term debt of $561.0 million, mainly in the form of bank facilities and promissory notes on acquisitions.

NEAR-TERM OUTLOOK

The actions taken by MTY to strengthen the Company and its network during the COVID-19 pandemic have allowed MTY to be in a good position to tackle future challenges the industry will face. The restaurant industry is extremely competitive, and the pace of changes, innovations and shifts in customer preferences is accelerating every day. MTY's entrepreneurial roots give it an advantage in the current environment and the team is prepared to face any situation.

At the date of this press release, MTY and its franchisees are still feeling the impact of various supply chain challenges, which come from inflation and from disruptions and shortages in the supply of certain products. This comes in addition to rising interest rates and increased construction costs. While some aspects of the business are gradually stabilizing, there remains some uncertainty as to what the new baseline is going to be once this period of high volatility fades away.

The Company's franchisees and suppliers also face significant labour shortages that, in certain cases, affect their ability to conduct business optimally. These labour shortages, combined with increases in minimum wage rates in many jurisdictions in which the network operates, are expected to lead to increased overtime and labour costs, as well as to an inability to generate 100% of the potential sales of some of the restaurants.

Despite the above-mentioned challenges, sales are for the most part back to pre-pandemic levels or better, and for the locations that are lagging because of geography or type of restaurants, trends are encouraging. With the brands' focus on innovation, product quality, consistency and superior store design combined with the adjustments made during the pandemic to adapt to new customer expectations, management believes the network is positioned well to thrive in the future, even if a recession were to happen.

In the short term, management's primary focus will continue to be the success of existing locations. More specifically, the teams will assist franchisees to generate sales growth, open new locations of existing concepts and ultimately achieve their profitability objectives. Management will also focus on the integration of the recently acquired brands.

Management will maintain its focus on maximizing shareholder value by adding new locations of its existing concepts and remains committed to seek potential acquisitions to increase the Company's market share.

CONFERENCE CALL

The MTY Group will hold a conference call to discuss its financial results today at 8:30 AM Eastern Time. Interested parties can join the call by dialing 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 885053. This recording will be available today, as of 11:30 AM Eastern Time, until 11:59 PM Eastern Time on Thursday, February 23, 2023.

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 6,788 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 plus share of net profit (loss) of a joint venture accounted for using the equity method), normalized adjusted EBITDA (revenue less operating expenses (excluding transaction costs related to acquisitions) plus share of net profit (loss) of a joint venture accounted for using the equity method) 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.

Note to readers: The MD&A, the consolidated financial statements and notes thereto for the three and twelve months ended November 30, 2022, are available on the SEDAR website at www.sedar.com and on the Company's website at www.mtygroup.com.