MTY REPORTS SECOND QUARTER RESULTS FOR FISCAL 2023 AND DECLARES ITS QUARTERLY DIVIDEND

- Normalized adjusted EBITDA(1) increased 57% to $74.6 million in the quarter compared to $47.6 million in Q2-22.
- Free cash flows(1) increased 78% to $45.1 million in the quarter compared to $25.3 million in Q2-22. Free cash flows per diluted share(2) reached $1.84.
- Same-store sales(3) were positive in all geographical segments compared to Q2-22: Canada up by 6%, US by 4% and International by 2%.
- System sales(3) reached an all-time record high of $1.5 billion in the quarter, up 39% compared to Q2-22. System sales up 63% in the US, 18% Internationally and 7% in Canada.
- Net income attributable to owners of $30.4 million in the quarter, or $1.24 per diluted share, compared to $28.6 million, or $1.17 per diluted share, in Q2-22.
- During the quarter, the Company’s network opened 73 locations compared to 47 locations in Q2-22, and closed 77 locations compared to 91 locations in Q2-22.
- As at May 31, 2023, 90% of the Company’s network was comprised of quick service restaurant and fast casual locations, and 97% of its locations were franchised.
- Long-term debt repayments of $26.8 million for the quarter.
- Renewal of Normal Course Issuer Bid Program (“NCIB”) on June 29, 2023.
- Quarterly dividend payment of $0.25 per share on August 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 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 11, 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 second quarter ended May 31, 2023 and declares its quarterly dividend of 25.0¢ per share, payable on August 15, 2023 to shareholders registered in the Company’s records at the end of the business day on August 2, 2023.

“We are delighted by our ongoing strong financial performance in the second quarter of 2023, marked by normalized adjusted EBITDA of $74.6 million and record-high system sales of $1.5 billion,” stated Eric Lefebvre, Chief Executive Officer of MTY. “This growth momentum not only reflects the seamless integration of recent acquisitions in the US, but also the internal strength of new locations and same-store sales increasing 5% year-over-year.”

“We opened 73 new locations and closed 77 others during the second quarter, representing our best quarterly net result in the last nine years. Narrowing the gap between openings and closings ranks as a key objective post-pandemic as we continue to invest in our banners, support our franchise partners and improve operating efficiency.”
“Given our increased leverage following the acquisitions completed in recent months and the rising interest rates, the Company intends to keep a watchful eye on accretive, tuck-in acquisitions on an opportunistic basis and prioritize paying down debt and building a reserve to improve future capital allocation flexibility,” Mr. Lefebvre added.

<table>
<thead>
<tr>
<th>Financial Highlights</th>
<th>Q2-2023</th>
<th>Q2-2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>305,219</td>
<td>162,518</td>
</tr>
<tr>
<td>Adjusted EBITDA(1)</td>
<td>74,648</td>
<td>47,649</td>
</tr>
<tr>
<td>Normalized adjusted EBITDA(1)</td>
<td>74,648</td>
<td>47,649</td>
</tr>
<tr>
<td>Net income attributable to owners</td>
<td>30,359</td>
<td>28,619</td>
</tr>
<tr>
<td>Cash flows from operations</td>
<td>56,321</td>
<td>30,055</td>
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<tr>
<td>Free cash flows(1)</td>
<td>45,144</td>
<td>25,299</td>
</tr>
<tr>
<td>Free cash flows per diluted share(2)</td>
<td>1.84</td>
<td>1.04</td>
</tr>
<tr>
<td>Net income per share, basic</td>
<td>1.24</td>
<td>1.17</td>
</tr>
<tr>
<td>Net income per share, diluted</td>
<td>1.24</td>
<td>1.17</td>
</tr>
<tr>
<td>System sales(3)</td>
<td>1,470,028</td>
<td>1,054,348</td>
</tr>
<tr>
<td>Digital sales(3)</td>
<td>266,815</td>
<td>206,916</td>
</tr>
</tbody>
</table>

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SECOND QUARTER RESULTS

Network

- At the end of the second quarter of 2023, MTY’s network had 7,124 locations in operation, of which 6,900 were franchised or under operator agreements and 224 were corporate-owned. The geographical split among MTY’s locations consisted of 58% based in the US, 35% in Canada and 7% International.

- During the second quarter of 2023, MTY’s network opened 73 locations (Q2 2022 – 47) and closed 77 locations (Q2 2022 – 91).

- System sales increased 39% year-over-year to a record-high $1.5 billion in the second quarter of 2023. The US contributed most of the growth with a 63% improvement year-over-year, largely attributable to the acquisitions of BBQ Holdings in the fourth quarter of 2022 as well as Wetzel’s Pretzels and Sauce Pizza and Wine in the first quarter of 2023. Excluding acquisitions, quick service and casual dining sales contributed the most to the increase with growths of 11% and 4%, respectively.

- Same-store sales, which were positive in all geographic regions, improved 5% year-over-year in the second quarter of 2023. Canada reported the strongest growth in same-store sales with a 6% increase from the second quarter of 2022, followed by the US and International regions with improvements of 4% and 2%, respectively. The second quarter of 2023 represented the first fully comparable quarter on a year-over-year basis since the outbreak of COVID-19 in March 2020.

Financial

- Company revenue grew 88% to $305.2 million in the second quarter of 2023 from $162.5 million in the second quarter of 2022. BBQ Holdings, Wetzel’s Pretzels, and Sauce Pizza and Wine acquisitions were the primary contributors to the revenue growths of $16.5 million and $119.9 million, respectively, in franchise operations and corporate stores in the US and International segment. In Canada, revenue from franchise operations improved 10% on the strength of organic growth from increased customer traffic.
- Normalized adjusted EBITDA, which excludes acquisition-related expenses, rose 57% year-over-year to $74.6 million in the second quarter of 2023, mainly driven by the BBQ Holdings, Wetzel's Pretzels, and Sauce Pizza and Wine acquisitions.

- Net income attributable to owners totaled $30.4 million, or $1.24 per share ($1.24 per diluted share), in the second quarter of 2023 compared to $28.6 million, or $1.17 per share ($1.17 per diluted share), in the same period in 2022. The year-over-year increase can be attributed to higher normalized adjusted EBITDA and lower income taxes.

LIQUIDITY AND CAPITAL RESOURCES

- In the second quarter of 2023, cash flows generated by operating activities amounted to $56.3 million compared to $30.1 million in the second quarter of 2022.

- MTY reimbursed $26.8 million of its long-term debt and paid $6.1 million in dividends to shareholders in the second quarter of 2023.

- As at May 31, 2023, MTY had $62.6 million of cash on hand and long-term debt of $816.2 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$590.3 million had been drawn at quarter-end. Various hedging strategies were implemented during the quarter to provide better predictability of cash flows and additional financial flexibility.

NORMAL COURSE ISSUER BID

On June 29, 2022, MTY announced the renewal of its NCIB program. The NCIB began on July 3, 2022, and ended on July 2, 2023. The NCIB was again renewed on June 29, 2023, for a period beginning on July 3, 2023, and ending on July 2, 2024, or on such earlier date when the Company completes its purchases or elects to terminate the NCIB. The renewed period allows MTY to purchase 1,220,673 of its common shares. These purchases will be made on the open market, plus brokerage fees through the facilities of the TSX and/or alternative trading systems at the prevailing market price at the time of the transaction, in accordance with the TSX’s applicable policies. All common shares purchased pursuant to the NCIB will be cancelled.

CONFERENCE CALL

The MTY Group will hold a conference call to discuss its financial results on July 11, 2023, at 8:30 AM Eastern Time. Interested parties can join the call by dialing 1-604-638-5340 (for international participants) or 1-800-319-4610 (elsewhere in North America). Parties unable to call in at this time may access a recording by calling 1-855-669-9658 and entering the passcode 0262. This recording will be available on Tuesday, July 11, 2023, as of 11:30 AM Eastern Time until 11:59 PM Eastern Time on Tuesday, July 18, 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 7,124 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), digital sales (sales made by customers through online ordering platforms), and same-store sales (comparative sales generated by stores that have been open for at least 13 months or that have been acquired more than 13 months ago).

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 condensed interim consolidated financial statements and notes thereto for the second quarter ended May 31, 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).