Source: **MTY Food Group Inc.**

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PRESS RELEASE
FOR IMMEDIATE PUBLICATION

MTY REPORTS THIRD QUARTER RESULTS FOR FISCAL 2023 AND DECLARES QUARTERLY DIVIDEND

- **Normalized adjusted EBITDA(1) increased 44% to $72.9 million in the quarter compared to $50.6 million in Q3-22.**
- **Free cash flows(1) increased 6% to $43.5 million in the quarter compared to $40.9 million in Q3-22. Free cash flows per diluted share(2) reached $1.77.**
- **Same-store sales(3) were positive in Canada and in the US compared to Q3-22: Canada up by 3% and US up by 2%; International was flat.**
- **System sales(3) reached $1.5 billion in the quarter, up 33% compared to Q3-22. System sales up 55% in the US, 14% Internationally and 4% in Canada.**
- **Normalized adjusted EBITDA franchising margins(2) improved to 54% during the quarter compared to 53% in the prior year.**
- **Net income attributable to owners of $38.9 million in the quarter, or $1.59 per diluted share, compared to $22.4 million, or $0.92 per diluted share in Q3-22.**
- **During the quarter, the Company's network opened 87 locations compared to 63 locations in Q3-22 and closed 92 locations compared to 117 locations in Q3-22.**
- **As at August 31, 2023, 90% of the Company's network is comprised of quick service restaurant and fast casual locations, and 97% of its locations are franchised.**
- **Long-term debt repayments of $26.3 million for the quarter.**
- **Quarterly dividend payment of $0.25 per share on November 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, October 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 third quarter ended August 31, 2023 and declared a quarterly dividend of 25.0¢ per share, payable on November 15, 2023 to shareholders registered in the Company's records at the end of the business day on November 3, 2023.

"MTY continued to reap the benefits of its dual growth strategy in the third quarter of 2023 with normalized adjusted EBITDA increasing 44% year-over-year to $72.9 million," stated Eric Lefebvre, Chief Executive Officer of MTY. "Clearly, we are elated with our latest acquisitions, which helped raise system sales 33% to $1.5 billion in the quarter, but we are also pleased by our same-store sales improvement of 3% over the prior year. As a result, we continue to deliver profitable growth with exceptional predictability despite a mixed economic environment marked by higher interest rates, inflationary pressure and heightened price sensitivity on the part of consumers."

"From an operating standpoint, MTY opened 87 new locations and closed 92 others during the third quarter. Excluding newly acquired brands, the average monthly unit volume of a new location opened in fiscal 2023 was approximately $53,000 compared to a recently closed one at $37,000. As such, we are enhancing our growth profile while we continue to push towards becoming break-even in terms of new restaurant openings," Mr. Lefebvre added.

Financial Highlights **(in thousands of $, except per share information)**	**Q3-2023**	**Q3-2022**	**9 Months 2023**	**9 Months 2022**
Revenue	298,080	171,540	889,302	474,552
Adjusted EBITDA(1)	72,870	48,920	210,381	132,206
Normalized adjusted EBITDA(1)	72,932	50,592	211,539	133,878
Net income attributable to owners	38,892	22,435	87,638	67,691
Cash flows from operations(2,3)	51,745	42,274	138,775	111,160
Free cash flows(1,2,3)	43,462	40,900	111,779	102,304
Free cash flows per diluted share(2,3,4)	1.77	1.67	4.56	4.18
Net income per share, basic	1.59	0.92	3.59	2.77
Net income per share, diluted	1.59	0.92	3.58	2.77
System sales(5)	1,467,100	1,104,700	4,299,600	3,044,700
Digital sales(5)	249,000	194,100	762,000	611,800

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

(2) Prior period amounts have been restated to reflect a reclassification between cash flows provided by operating activities and the effect of foreign exchange rate changes on cash.

(3) The Company has reassessed the presentation of certain acquisition accounts, leading to the reclassification of accounts that were previously reported as Accounts payable and accrued liabilities to Cash.

(4) This is a non-GAAP ratio. Please refer to the "Non-GAAP Ratios" section at the end of this press release.

(5) This is a supplementary financial measure. Please refer to the "Supplementary Financial Measures" section at the end of this press release.

THIRD QUARTER RESULTS

Network

- At the end of the third quarter of 2023, MTY's network had 7,119 locations in operation, of which 6,895 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 third quarter of 2023, MTY's network opened 87 locations (Q3 2022 – 63) and closed 92 locations (Q3 2022 – 117).
- System sales increased 33% year-over-year to $1.5 billion in the third quarter of 2023. The US contributed most of the growth with a 55% improvement year-over-year, largely attributable to the acquisitions of BBQ Holdings, Inc. ("BBQ Holdings") in September 2022 as well as Wetzel's Pretzels and Sauce Pizza and Wine in December 2022.
- Same-store sales improved 3% year-over-year in the third quarter of 2023. Canada and the US reported same-store sales growth of 3% and 2%, respectively, while the International region was stable compared to the third quarter of 2022.

Financial

- Company revenue grew 74% to $298.1 million in the third quarter of 2023 from $171.5 million in the third quarter of 2022. In the US and International segment, a $104.6 million surge in corporate-owned location revenues, largely due to the BBQ Holdings, Wetzel's Pretzels and Sauce Pizza and Wine acquisitions, contributed to the year-over-year revenue growth. It was complemented by a $17.6 million (37%) increase in franchising revenues in the US and International segment, including $13.4 million from acquisitions. In Canada, revenue from franchise operations improved 3% year-over-year on the strength of heightened system sales, while the food processing, distribution and retail division posted similar growth.
- Normalized adjusted EBITDA, which excludes acquisition-related expenses, rose 44% year-over-year to $72.9 million in the third quarter of 2023, mainly driven by recent acquisitions.
- Net income attributable to owners totaled $38.9 million, or $1.59 per share ($1.59 per diluted share), in the third quarter of 2023 compared to $22.4 million, or $0.92 per share ($0.92 per diluted share), in the same period in 2022. The year-over-year increase can mainly be attributed to higher normalized adjusted EBITDA and lower income taxes. These factors were partially offset by several items including, amongst others, higher depreciation of property, plant and equipment and right-of-use assets, as well as greater interest on long-term debt.

LIQUIDITY AND CAPITAL RESOURCES

- In the third quarter of 2023, cash flows generated by operating activities amounted to $51.7 million compared to $42.3 million in the third quarter of 2022.
- MTY reimbursed $26.3 million of its long-term debt and paid $6.1 million in dividends to shareholders in the third quarter of 2023.
- As at August 31, 2023, MTY had $54.3 million of cash on hand and long-term debt of $784.3 million, mainly in the form of bank facilities and promissory notes on acquisitions. The Company also had a revolving credit facility with an authorized amount of $900.0 million, of which US$571.8 million had been drawn at quarter-end. Recently implemented hedging strategies, including three-year and two-year fixed interest rate swaps, have provided the Company with monthly savings of approximately $0.6 million on interest payments.

CONFERENCE CALL

The MTY Group will hold a conference call to discuss its results on October 11, 2023, at 8:30 AM Eastern Time. Interested parties can join the call by dialing 1-604-638-5340 (Vancouver or overseas) 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 0405. This recording will be available on Wednesday, October 11, 2023, as of 11:30 AM Eastern Time until 11:59 PM Eastern Time on Wednesday, October 18, 2023.

ABOUT MTY FOOD GROUP INC.

MTY Group franchises and operates quick-service, fast casual and casual dining restaurants under more than 90 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 7,119 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) and normalized adjusted EBITDA as a % of revenue (normalized adjusted EBITDA divided by revenue) are non-GAAP ratios, 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. The Company believes that normalized adjusted EBITDA as a % of revenue is a useful metric because it is consistent with the indicators management uses internally to measure the Company's profitability from operations, including to gauge the effectiveness of cost management measures, as well as provides a measure of the Company's performance that does not include the impact of transaction costs related to acquisitions, which may vary in occurrence and in amount. 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, condensed interim consolidated financial statements and notes thereto for the third quarter ended August 31, 2023, are available on the SEDAR website at www.sedar.com and on the Company's website at www.mtygroup.com.