



Source: MTY Food Group Inc.

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**PRESS RELEASE
FOR IMMEDIATE PUBLICATION**

MTY REPORTS FOURTH QUARTER AND FISCAL 2023 RESULTS

- **Annual revenue exceeded \$1 billion for the first time in MTY's history.**
- **Normalized adjusted EBITDA⁽¹⁾ increased 13% to \$60.4 million in the quarter compared to \$53.5 million in Q4-22.**
- **Free cash flows⁽¹⁾ increased 27% to \$44.3 million in the quarter compared to \$34.8 million in Q4-22 while annual free cash flows improved 13% to \$154.1 million compared to \$137.0 million in the prior year. Free cash flows per diluted share⁽²⁾ reached \$1.81 for the quarter and \$6.30 for the year.**
- **Net income attributable to owners in the quarter reached \$16.4 million, or \$0.67 per diluted share, an increase of 131% and for the year totaled \$104.1 million, or \$4.25 per diluted share, surpassing all previous years with a 39% increase over prior year.**
- **System sales⁽³⁾ for the year reached an all-time high of \$5.6 billion, compared to \$4.3 billion in 2022, a 33% increase year-over-year, while system sales for the quarter increased 11% to \$1.3 billion in Q4-23.**
- **Ended the quarter with 7,116 locations compared to 6,788 locations in Q4-22. The Company realized the highest number of openings in any quarter with 94 openings in Q4-23.**
- **Repurchased and cancelled 80,800 shares for a total consideration of \$4.2 million in Q4-23.**
- **Long-term debt repayments of \$27.6 million for the quarter.**
- **Announced increase in dividend payment of 12%. Quarterly dividend payment of \$0.28 per share paid on February 15, 2024.**

⁽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 15, 2024 – 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, 2023.

"MTY delivered a remarkable financial performance in fiscal 2023 on the strength of record results across the board including system sales of \$5.6 billion and a normalized adjusted EBITDA of \$271.9 million that resulted in free cash flows of \$154.1 million, or \$6.30 per diluted share, realized despite the increase in interest payments and higher than normal capital expenditures during the year," stated Eric Lefebvre, Chief Executive Officer of MTY. "Our dual growth

strategy, leveraging strategic acquisitions and organic growth, largely enabled us to overcome uncertain market conditions and inflationary pressure during the past year.”

“In the fourth quarter of 2023, we continued generating strong profitability and cash flows although same-store sales dropped 0.9% year-over-year as consumers reined in discretionary spending, affecting certain segments of our portfolio. The comparable store decline came mainly from brands commanding a higher price point, while our fundamental quick service restaurant business remained solid in Canada and the US. I am also pleased to report we opened the most locations in the Company’s history in the fourth quarter of 2023, bringing us within a few stores of breaking even versus closures for a third consecutive reporting period. On the operating efficiency side, we plan to consolidate business units and implement cost-control measures in 2024 to maximize synergies across the entire organization, now that our latest acquisitions are fully integrated within MTY’s operations,” Mr. Lefebvre added.

Financial Highlights	Q4-2023	Q4-2022	2023	2022
(in thousands of \$, except per share information)				
Revenue	280,032	241,970	1,169,334	716,522
Adjusted EBITDA ⁽¹⁾	60,365	49,876	270,746	182,082
Normalized adjusted EBITDA ⁽¹⁾	60,365	53,474	271,904	187,352
Net income attributable to owners	16,444	7,126	104,082	74,817
Cash flows from operations ⁽²⁾	47,764	37,430	184,586	148,481
Free cash flows ^(1,2)	44,280	34,759	154,106	136,954
Free cash flows per diluted share ^(2,3)	1.81	1.42	6.30	5.60
EPS basic	0.67	0.29	4.26	3.06
EPS diluted	0.67	0.29	4.25	3.06
Weighted daily average number of common shares – basic	24,396,274	24,413,461	24,409,176	24,439,892
Weighted daily average number of common shares – diluted	24,433,834	24,465,491	24,478,163	24,465,738
System sales ⁽⁴⁾	1,341,600	1,206,500	5,641,200	4,251,200
Digital sales ⁽⁴⁾	265,400	208,500	1,027,400	820,300

⁽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 adjusted to reflect a reclassification between cash flows provided by operating activities and the effect of foreign exchange rate changes on cash.

⁽³⁾ This is a non-GAAP ratio. Please refer to the “Non-GAAP Ratios” section at the end of this press release.

⁽⁴⁾ This is a supplementary financial measure. Please refer to the “Supplementary Financial Measures” section at the end of this press release.

FOURTH QUARTER RESULTS

Network

- At the end of the fourth quarter of 2023, MTY’s network had 7,116 locations in operation, of which 6,897 were franchised or under operator agreements and 219 were corporate-owned. The geographical split among MTY’s locations consisted of 58% in the US, 35% in Canada and 7% International.
- During the fourth quarter of 2023, MTY’s network did not acquire any location (Q4 2022 – 301 locations), opened a record 94 locations (Q4 2022 – 60 locations) and closed 97 locations (Q4 2022 – 178 locations). Excluding newly acquired brands, the average monthly unit volume of a new location opened was approximately \$47,000 compared to that of a recently closed store of approximately \$35,000.

- System sales increased 11% year-over-year to \$1.3 billion in the fourth quarter of 2023. The US contributed most of the growth with an 18% improvement year-over-year, largely attributable to the acquisitions of BBQ Holdings, Wetzel's Pretzels as well as Sauce Pizza and Wine. Excluding acquisitions, system sales decreased 2% year-over-year.
- Same-store sales⁽¹⁾ declined 0.9% year-over-year in the fourth quarter of 2023, with quick service restaurant brands continuing their strong performance while fast casual and casual dining brands faced challenges and reported negative same-store sales.

⁽¹⁾ This is a supplementary financial measure. Please refer to the "Supplementary Financial Measures" section at the end of this press release.

Financial

- Company revenue grew 16% year-over-year to \$280.0 million in the fourth quarter mainly driven by the BBQ Holdings, Wetzel's Pretzels and Sauce Pizza and Wine acquisitions, which were the primary contributors to the growth in corporate restaurants and franchise operations of 50% and 18%, respectively, in the US and International segment. In Canada, revenue from franchise operations declined 1% year-over-year, while food processing, distribution and retail sales dropped 10% based on current market conditions and grocers' heightened focus on promoting house labels.
- Normalized adjusted EBITDA, which excludes acquisition-related expenses, improved 13% year-over-year to \$60.4 million in the fourth quarter of 2023 on the strength of the BBQ Holdings, Wetzel's Pretzels and Sauce Pizza and Wine transactions.
- Net income attributable to owners totaled \$16.4 million, or \$0.67 per share (\$0.67 per diluted share), in the fourth quarter compared to \$7.1 million, or \$0.29 per share (\$0.29 per diluted share), for the same period in 2022. The year-over-year improvement can mainly be attributed to higher normalized adjusted EBITDA and lower income taxes. These factors were partially offset by several items including, amongst others, greater depreciation of property, plant and equipment and right-of-use assets and higher interest on long-term debt.

FISCAL 2023 RESULTS

Network

- System sales improved 33% to an all-time high of \$5.6 billion in fiscal 2023. Excluding acquisitions and foreign exchange impact, system sales were up 4% year-over-year with Canada accounting for most of the organic growth. The casual dining and quick service restaurant concepts in Canada drove the increase, contributing 45% and 37%, respectively, of total year-over-year organic growth.
- Digital sales grew 25% year-over-year to \$1.0 billion in fiscal 2023. Excluding acquisitions and foreign exchange impact, digital sales rose 5%. As a percentage of system sales, digital sales represented 19% of sales in 2023 compared to 20% in 2022. The lower proportion of digital sales year-over-year was primarily caused by the return of in-person dining post-pandemic in Canada, while in the US the acquisitions of BBQ Holdings and Wetzel's Pretzels carried lower digital penetration rates to MTY.
- MTY's network acquired 379 locations (2022 – 332 locations) in fiscal 2023, opened 330 locations (2022 – 245 locations) and closed 381 locations (2022 – 507 locations).

Financial

- Company revenue rose 63% in fiscal 2023 to exceed the \$1 billion mark (\$1.2 billion) for the first time in MTY's history. The year-over-year growth can mainly be attributed to a 413% revenue increase from US and International corporate-owned stores, driven by the BBQ Holdings, Wetzel's Pretzels and Sauce Pizza and Wine acquisitions. Franchise operations in the US and International segment also contributed to the growth,

with a 33% increase in 2023 on the strength of the Wetzel's Pretzels and BBQ Holdings transactions. In Canada, both corporate-owned stores and franchise operations generated annual growth of 9%.

- Normalized adjusted EBITDA grew 45% to a record \$271.9 million in 2023 from \$187.4 million in 2022.
- Net income attributable to owners totaled \$104.1 million, or \$4.26 per share (\$4.25 per diluted share), in 2023 compared to \$74.8 million, or \$3.06 per share (\$3.06 per diluted share), in 2022. The improvement over the prior year can mainly be attributed to higher normalized adjusted EBITDA and lower income taxes. These factors were partially offset by several items including, amongst others, greater depreciation of property, plant and equipment and right-of-use assets, higher amortization of intangible assets, higher interest on long-term debt and an increase in net interest expense on leases.

LIQUIDITY AND CAPITAL RESOURCES

- In the fourth quarter of 2023, cash flows generated by operating activities amounted to \$47.8 million compared to \$37.4 million in the fourth quarter of 2022.
- MTY reimbursed \$27.6 million of its long-term debt, paid \$6.1 million in dividends to shareholders, and repurchased 80,800 shares for a total consideration of \$4.2 million in the fourth quarter of 2023.
- As at November 30, 2023, MTY had \$58.9 million of cash on hand and long-term debt of \$767.4 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\$558.0 million had been drawn at year-end. Hedging strategies, including three-year and two-year fixed interest rate swaps, have provided the Company with monthly savings of approximately \$0.5 million on interest payments.

DIVIDEND PAYMENT

On January 24, 2024, the Company announced a 12% hike to its quarterly dividend payment, increasing from \$0.25 to \$0.28 per common share. The \$0.28 per share dividend will be paid on February 15, 2024, to shareholders registered in the Company's records at the end of the business day on February 5, 2024.

CONFERENCE CALL

The MTY Group will hold a conference call to discuss its results on February 15, 2024, 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 0650. This recording will be available on Thursday, February 15, 2024, as of 11:30 AM Eastern Time until 11:59 PM Eastern Time on Thursday, February 22, 2024.

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 7,116 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.sedarplus.ca.

Note to readers: The MD&A, consolidated financial statements and notes thereto for the fourth quarter and fiscal year ended November 30, 2023, are available on the SEDAR website at www.sedarplus.ca and on the Company's website at www.mtygroup.com.