



GROUPE  
**MTY**  
GROUP

**OUR VALUE PROPOSITION**

**NEVER TASTED  
BETTER**

April 17, 2024



**INVESTOR  
PRESENTATION**

# FORWARD-LOOKING STATEMENTS

This presentation may contain written and oral statements that constitute forward-looking statements. These forward-looking statements may involve, but are not limited to, comments with respect to our business or financial objectives, our strategies or future actions, our targets, expectations for our financial condition or our outlook for our operations and future earn-out and additional equity interest obligations.

Forward-looking statements are not guarantees of future results, performance, achievements or developments and actual results, performance, achievements or developments may differ materially from those in the forward-looking statements as a result of various factors, including downturns in general economic conditions, consolidation and globalisation of the industry, the highly competitive nature of the quick service restaurant industry, the greater resources available to much larger global players, low entry barriers for new competitors, our ability to successfully integrate our acquired and to-be-acquired businesses and the retention of key management personnel. Assumptions relating to the foregoing involve judgments and risks, all of which are difficult or impossible to predict accurately and many of which are beyond our control.

Although we believe that the expectations reflected in the forward-looking statements are reasonable based on information currently available to us, we cannot assure that the expectations will prove to have been correct. Accordingly, you should not place undue reliance on forward-looking statements. In particular, forward-looking statements do not reflect the potential impact of any merger or acquisitions or other business combinations or divestitures that may be announced or completed after such statements are made. Reference should be made to the most recent annual Management's Discussion and Analysis ("MD&A") for an in-depth description of major risk factors.

# NON-GAAP MEASURES, NON-GAAP RATIOS AND SUPPLEMENTARY FINANCIAL MEASURES

Unless otherwise indicated, the financial information presented below, including tabular amounts, is expressed in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS"). MTY uses non-GAAP (generally accepted accounting principles) measures, non-GAAP ratios and supplementary financial measures as described below.

The Company believes that non-GAAP measures, non-GAAP ratios and supplemental financial measures are useful because they are consistent with the indicators management uses internally to measure the Company's performance, to prepare operating budgets and to determine components of executive compensation. These measures are widely accepted financial indicators but are not a measurement determined in accordance with GAAP and may not be comparable to those presented by other companies. These indicators are intended to provide additional information about the performance of MTY and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Management believes that certain investors and analysts use some of these indicators to measure a company's ability to meet payment obligations or as a common measurement to value companies in the industry.

This presentation should be read in conjunction with the Company's financial statements and the notes thereto and the MD&A.

## NON-GAAP MEASURES

Adjusted EBITDA – Represents revenue less operating expenses

Normalized adjusted EBITDA – Represents revenue less operating expenses (excluding transaction costs related to acquisitions and SAP project implementation costs)

Free cash flows net of lease payments – Represents the 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; and net of lease payments.

## NON-GAAP RATIOS

Free cash flows net of lease payments per diluted share – Represents free cash flows net of lease payments divided by diluted shares

Normalized adjusted EBITDA as a % of revenue – Represents normalized adjusted EBITDA divided by revenue

Normalized adjusted EBITDA per share – Represents normalized adjusted EBITDA divided by shares outstanding

Debt-to-normalized adjusted EBITDA – Defined as current and long-term debt divided by normalized adjusted EBITDA

## SUPPLEMENTARY FINANCIAL MEASURES

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

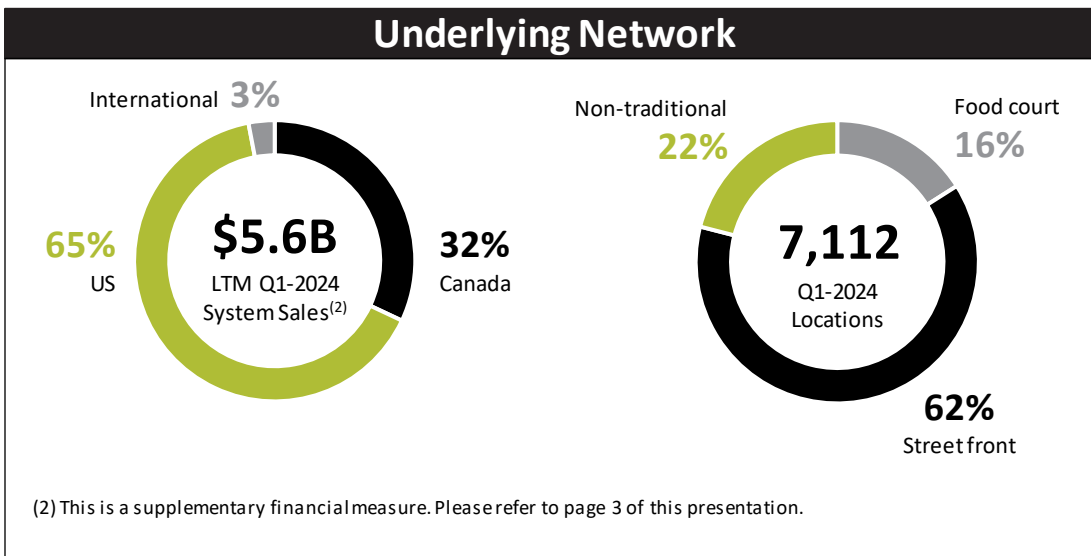
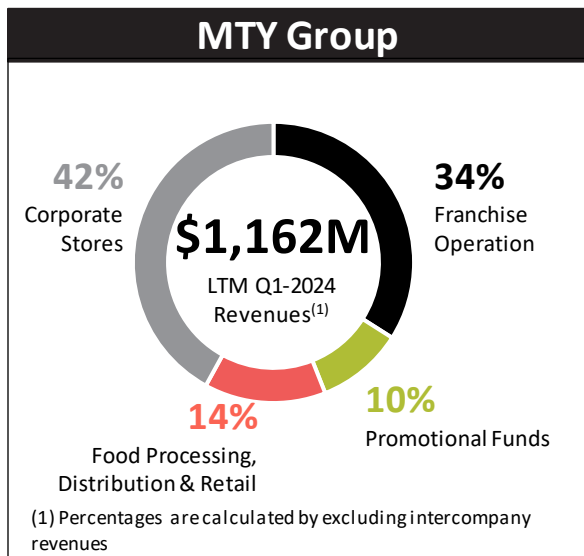
# INVESTMENT THESIS



- Proven consolidator with disciplined acquisition strategy
- Track record of growth
- Strong cash flow generation ability
- Recurring revenue streams in the franchising segment
- Diversified portfolio of approximately 90 brands
- Knowledgeable and committed team
- Well positioned for more acquisitions

# MTY GROUP AT A GLANCE

Franchises and operates quick-service, fast casual and casual dining restaurants ≈ 90 brands



**Ticker** **MTY**

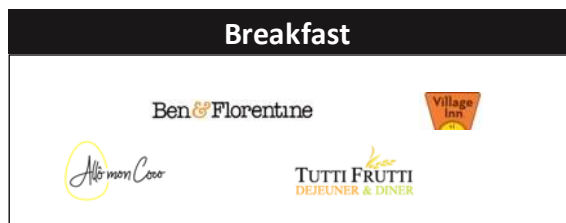
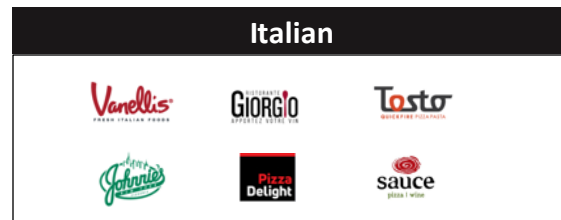
**Market Cap.** **\$1.1B**

**Brands** **≈90**

As at April 12, 2024

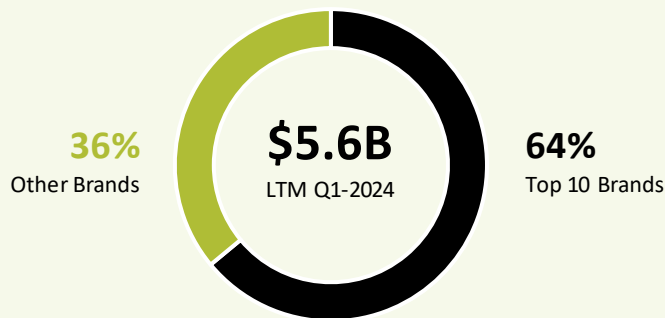
# DIVERSIFIED PORTFOLIO OF APPROXIMATELY 90 BRANDS

Protects MTY from shifts in customer preferences

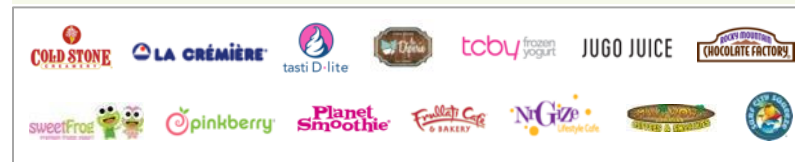
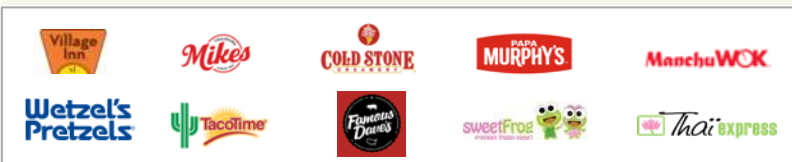
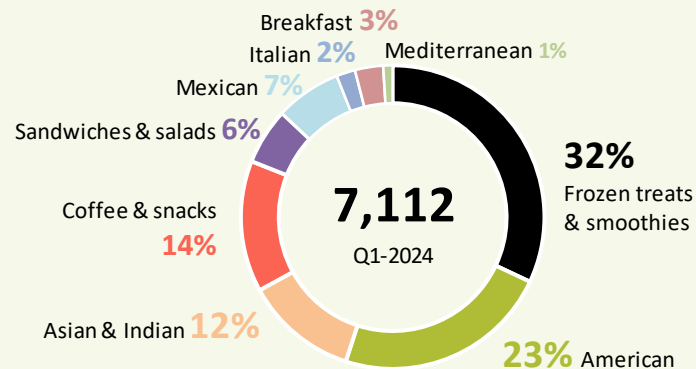


# STRONG BRANDS MAKE UP A LARGE PART OF PORTFOLIO

## Top 10 brands represent 65% of system sales<sup>(1)</sup>



## Frozen treats & smoothies represent 32% of locations



(1) This is a supplementary financial measure. Please refer to page 3 of this presentation.

# INTERNATIONAL NETWORK IN 40 COUNTRIES

7,112 locations and \$5.6B in system sales <sup>(1)</sup> for LTM Q1-2024

## Canada

2,493

\$1,776M

## US

4,111

\$3,681M

## International

508

\$153M

(1) This is a supplementary financial measure. Please refer to page 3 of this presentation.



# CREATING A MORE SUSTAINABLE MTY

**PLANNING FOR THE FUTURE AND WORKING TOWARDS DELIVERING POSITIVE, LONG-TERM OUTCOMES FOR ALL**



Our 2022 Sustainability Report Update can be found [here](#).



Aligning to the **UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS**

PILLARS	FOOD We Serve	PLANET We Live On	PEOPLE We Interact With
<b>PRIORITIES</b>	Food safety	Packaging	Supplier code of conduct
	Recipe development & nutritional content	Waste management	Culture & diversity, equity and inclusion
	Kids' menu	Emissions	Committee support
	Animal welfare		Cybersecurity & data protection
	Coffee		Compensation committee
	Palm oil		Career development



## **STRATEGY & FUTURE GROWTH**

# GROWTH STRATEGY – INCREASING MARKET SHARE

## LEVERAGING

our solid platforms to expand throughout North America

## FOCUSING

on high quality of revenues that are recurring in nature

## IMPROVING

MTY's digital presence via new applications, online functionalities and integration of our gift card and loyalty platforms



## DEVELOPPING

our Canadian brands in the US

## SEEKING

international Master franchise opportunities

## UPGRADING

the image of our concepts and innovating with new menu offerings

# GROWTH STRATEGY – ACQUISITIONS



## REINFORCING

Canadian platform by regions

## LEVERAGING

our US platform to integrate acquisitions

## PROVIDING

additional depth and breadth in offering

## PAYING FAIR PRICE

for good quality earning potential

## ACCESSING

a wide range of target sizes and concept maturity

## TRANSACTIONS

immediately accretive from an adjusted EBITDA<sup>(1)</sup> standpoint

(1) This is a non-GAAP measure. Please refer to page 3 of this presentation.



Strong reputation for paying a 'fair' price



Experienced integration team



Vendor's awareness of MTY's appetite



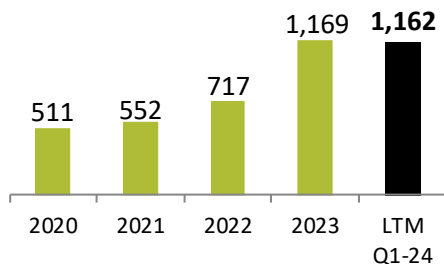
Increased capabilities given increased size of the organization



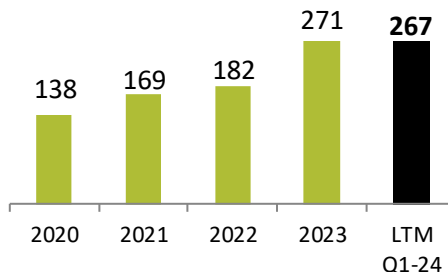
## FINANCIAL HISTORY

# TRACK RECORD OF GROWTH

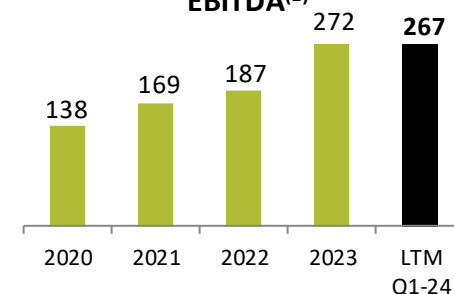
## Revenues (M\$)



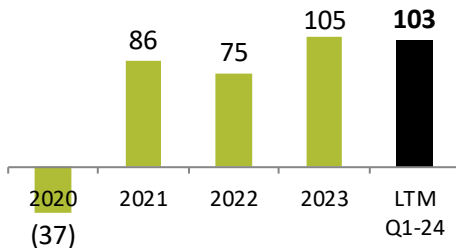
## Adjusted EBITDA<sup>(1)</sup> (M\$)



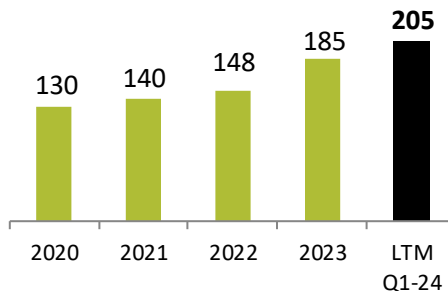
## Normalized Adjusted EBITDA<sup>(1)</sup> (M\$)



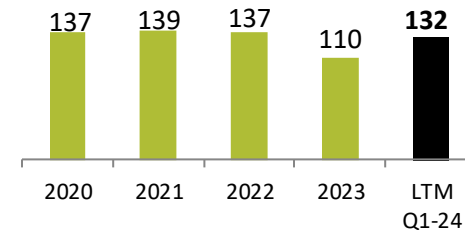
## Net Income (Loss) (M\$)



## Operating Cash Flow<sup>(2)</sup> (M\$)



## FCF net of lease payments<sup>(1&2)</sup> (M\$)

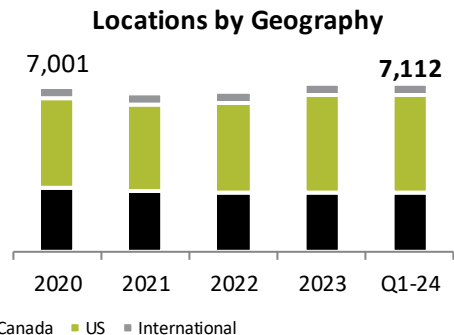
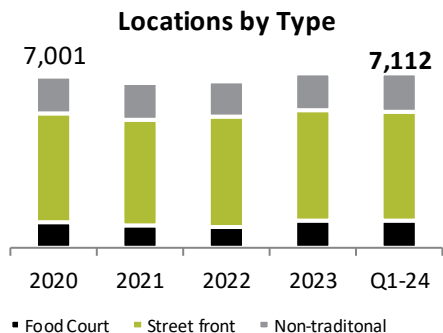
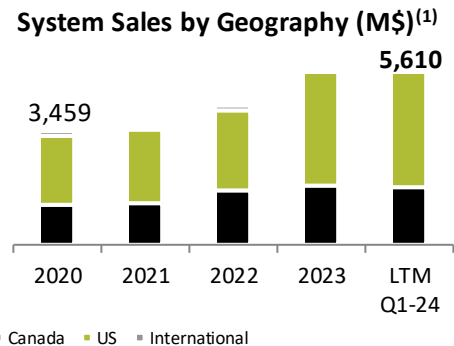
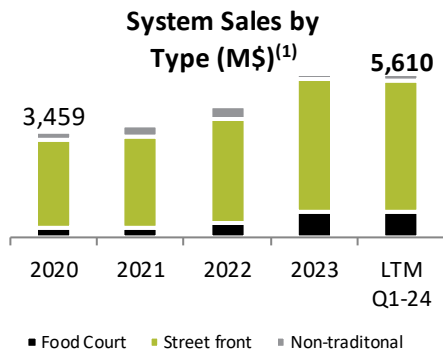


(1) This is a non-GAAP measure. Please refer to page 3 of this presentation.

(2) Prior year amounts have been adjusted to reflect a reclassification between cash flows provided by operating activities, cash flows used in investing activities and the effect of foreign exchange rate changes on cash.



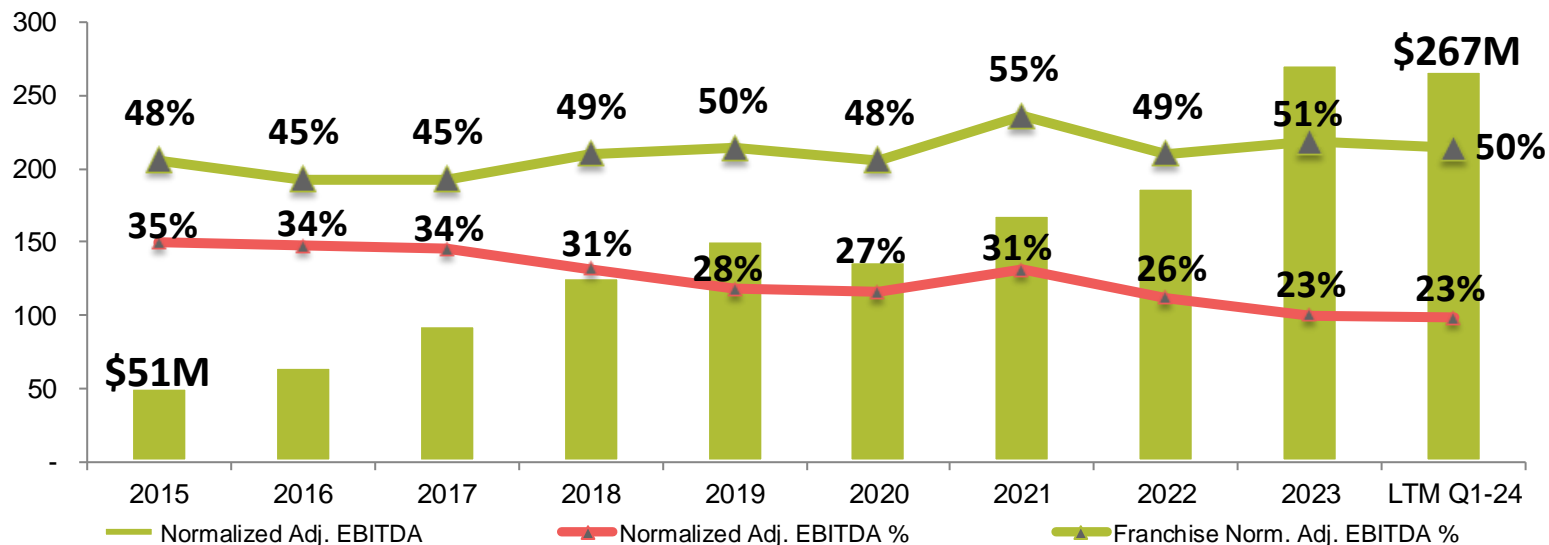
# NETWORK EVOLUTION



(1) This is a supplementary financial measure. Please refer to page 3 of this presentation.

# GROWING NORMALIZED ADJUSTED EBITDA<sup>(1)</sup> CONSISTENTLY

Normalized Adjusted EBITDA as a % of Revenues<sup>(2)</sup> is primarily driven by the franchising segment



(1) This is a non-GAAP measure. Please refer to page 3 of this presentation.

(2) This is a non-GAAP ratio. Please refer to page 3 of this presentation.

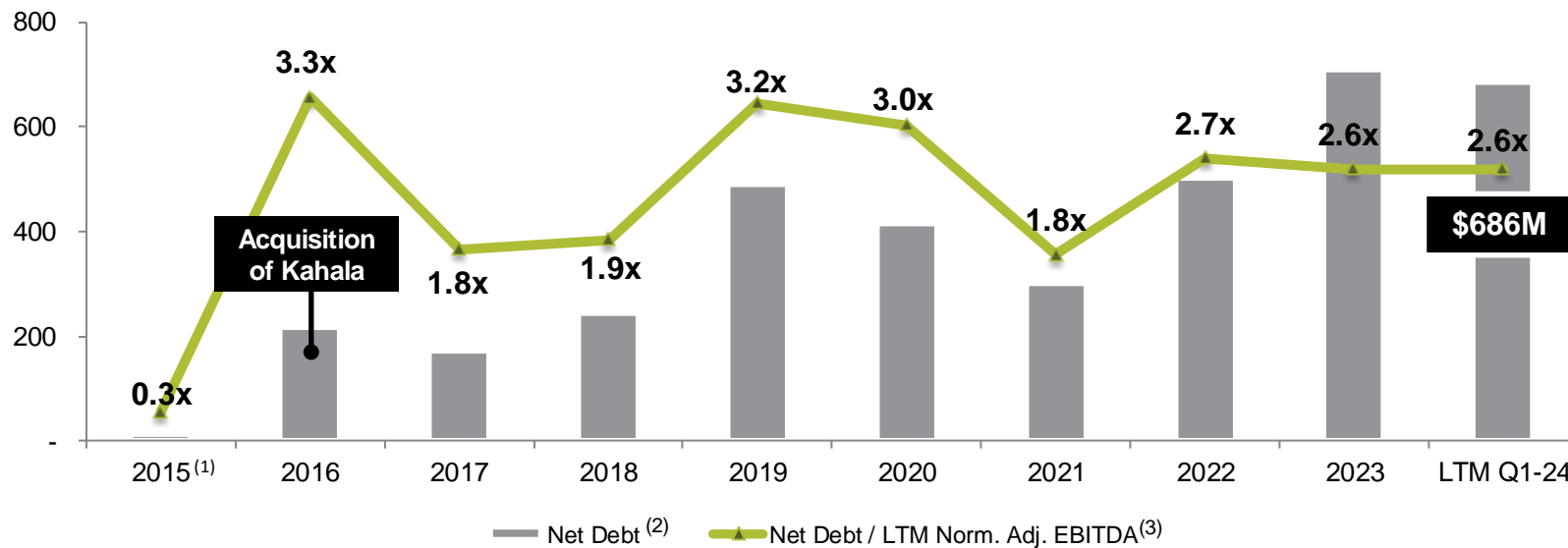
- Note: 2018 & 2019 figures have been restated to reflect the adoption of IFRS 15.

- Note: 2012-2019 figures have not been restated for IFRS 16.



# OPTIMIZING FINANCING STRUCTURE

## Maintaining a solid balance sheet



(1) On a total debt basis

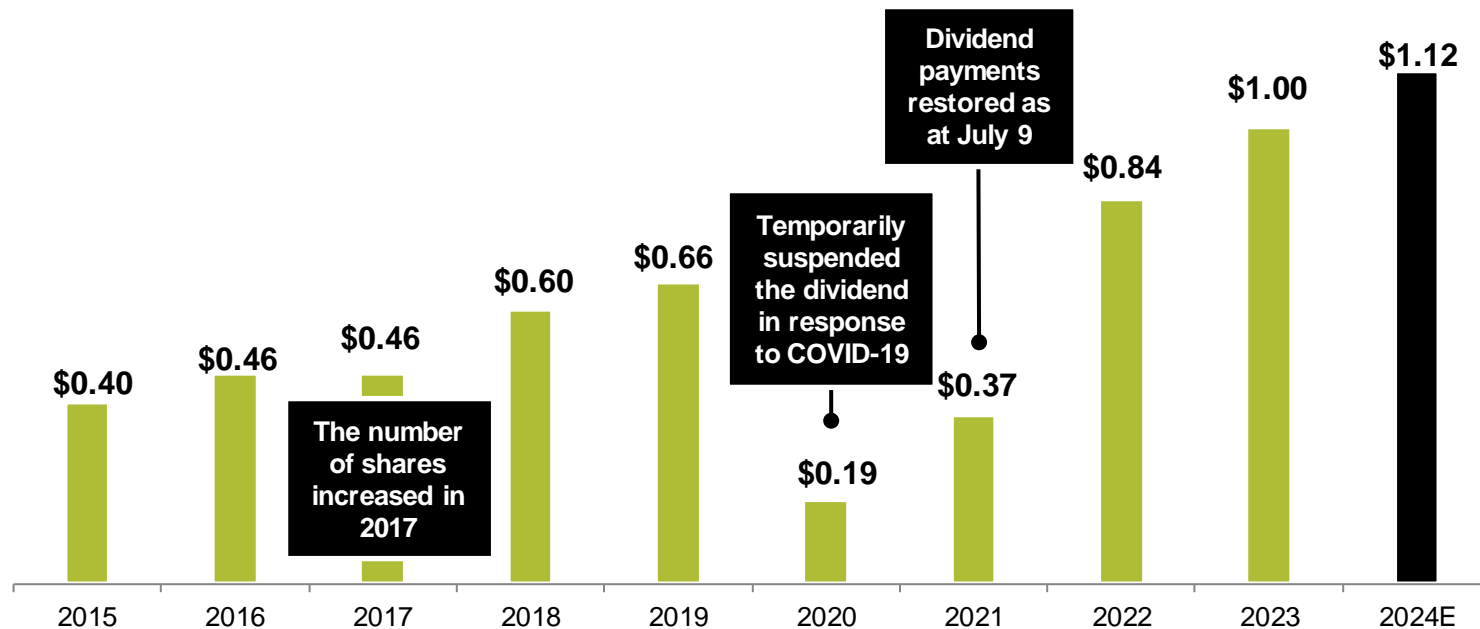
(2) Net debt represents total long-term debt net of cash

(3) This is a non-GAAP measure. Please refer to page 3 of this presentation

\* 2018 & 2019 figures have been restated to reflect the adoption of IFRS 15

# INCREASING DIVIDENDS CONSISTENTLY

Dividend typically represents 15-20% of FCF<sup>(1)</sup>



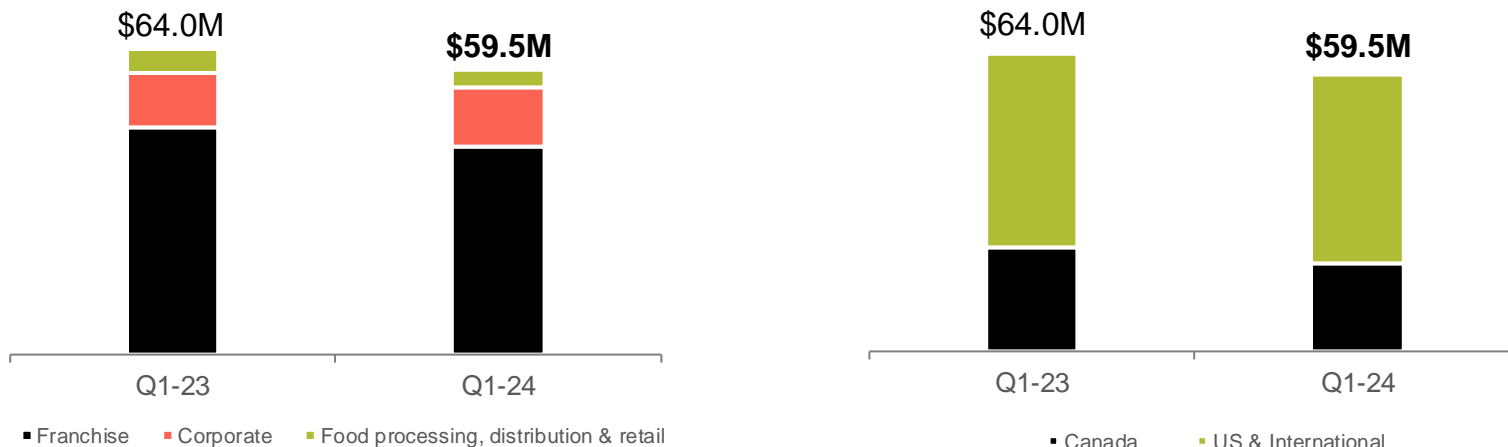
(1) FCF is a non-GAAP measure. Please refer to page 3 of this presentation.



## **Q1-2024 RESULTS**

## Q1-24 NORMALIZED ADJUSTED EBITDA<sup>(1)</sup>

Normalized adjusted EBITDA<sup>(1)</sup> decreased 7% YoY in Q1-2024  
Normalized adjusted EBITDA as a % of revenue<sup>(2)</sup> was 21% in Q1-2024.

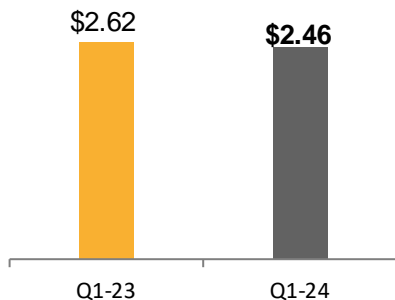


(1) This is a non-GAAP measure. Please refer to page 3 of this presentation.

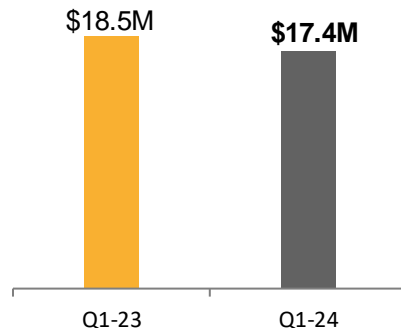
(2) This is a non-GAAP ratio. Please refer to page 3 of this presentation.

# Q1-24 METRICS

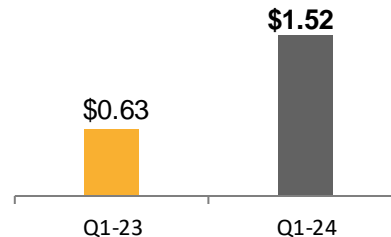
Normalized Adjusted  
EBITDA / share<sup>(1)</sup>



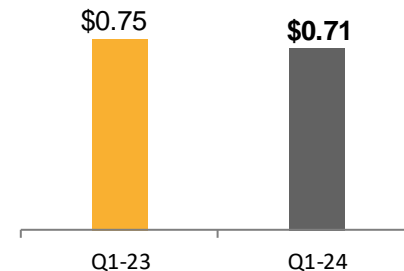
Net income



FCF net of lease  
payments / diluted  
share<sup>(1)</sup>



Net income / diluted  
share

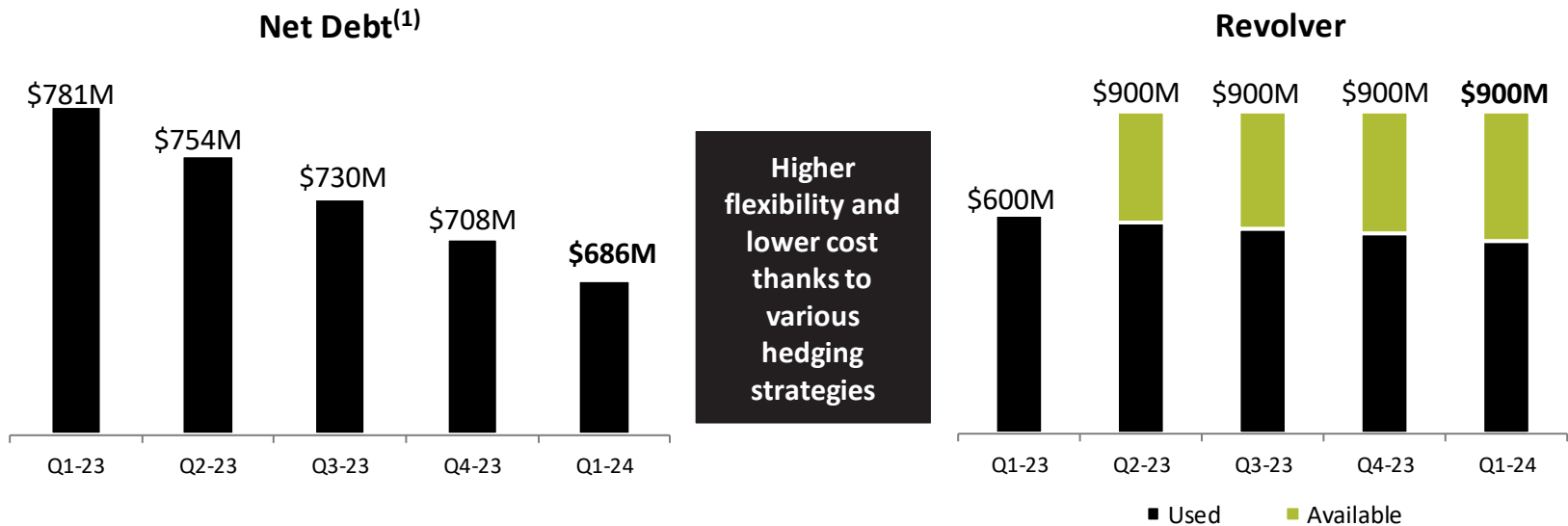


**FCF net of lease payments/diluted share more than double due to an improvement in non-cash working capital items. Excluding the variations in non-cash working capital items, income taxes, interest paid and other, operations generated \$59.1 million in Q1-24, compared to \$63.3 million in Q1-23.**

(1) This is a non-GAAP ratio. Please refer to page 3 of this presentation.

# Q1-24 HEALTHY FINANCIAL POSITION

Healthy cash position of \$50.6M and \$900M revolving credit facility, of which US\$536.3M had been drawn at quarter-end



(1) Net debt represents total long-term debt net of cash



## APPENDIX

# KNOWLEDGEABLE AND COMMITTED MANAGEMENT TEAM



**Eric Lefebvre**  
Chief Executive Officer



**Renée St-Onge**  
Chief Financial Officer



**Jenny Moody**  
Chief Legal Officer



**Jason Brading**  
COO Canadian Quick  
Service Restaurants



**Marie-Line Beauchamp**  
COO Canadian Casual  
Dining Restaurants



**Marc Benzacar**  
COO Canadian Fast  
Casual Restaurants



**Jeff Smit**  
COO US Market



**Al Hank**  
Co-COO BBQ Holdings &  
Papa Murphy's division

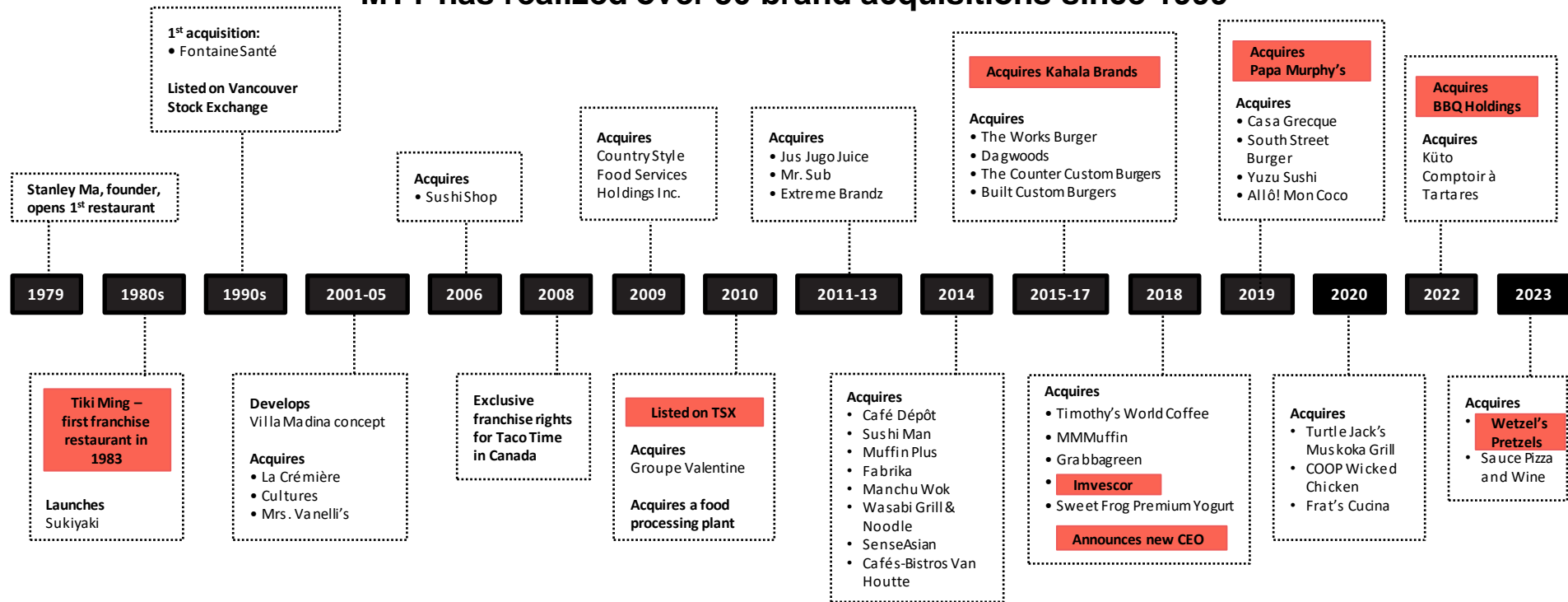


**Adam Lehr**  
Co-COO BBQ Holdings &  
Papa Murphy's division



# MILESTONES IN ~45-YEAR HISTORY

MTY has realized over 50 brand acquisitions since 1999\*



\* Only major acquisitions are presented.

# TYPICAL SEASONALITY OF MTY RESULTS

System sales<sup>(1)</sup> fluctuate with the seasons

	Q1 Dec-Jan-Feb	Q2 March-Apr-May	Q3 June-July-Aug	Q4 Sept-Oct-Nov
	Winter	Spring	Summer	Fall
Sales for Frozen treats & smoothies	SOFT	STRONG	STRONGEST	SOFT
Sales for Papa Murphy's	STRONG	STRONG	SOFT	STRONGEST
Sales for Wetzel's	STRONGEST	SOFT	STRONG	SOFT

Food court sales are higher during December because of Holiday shopping



Higher street front sales  
Higher sales from food courts



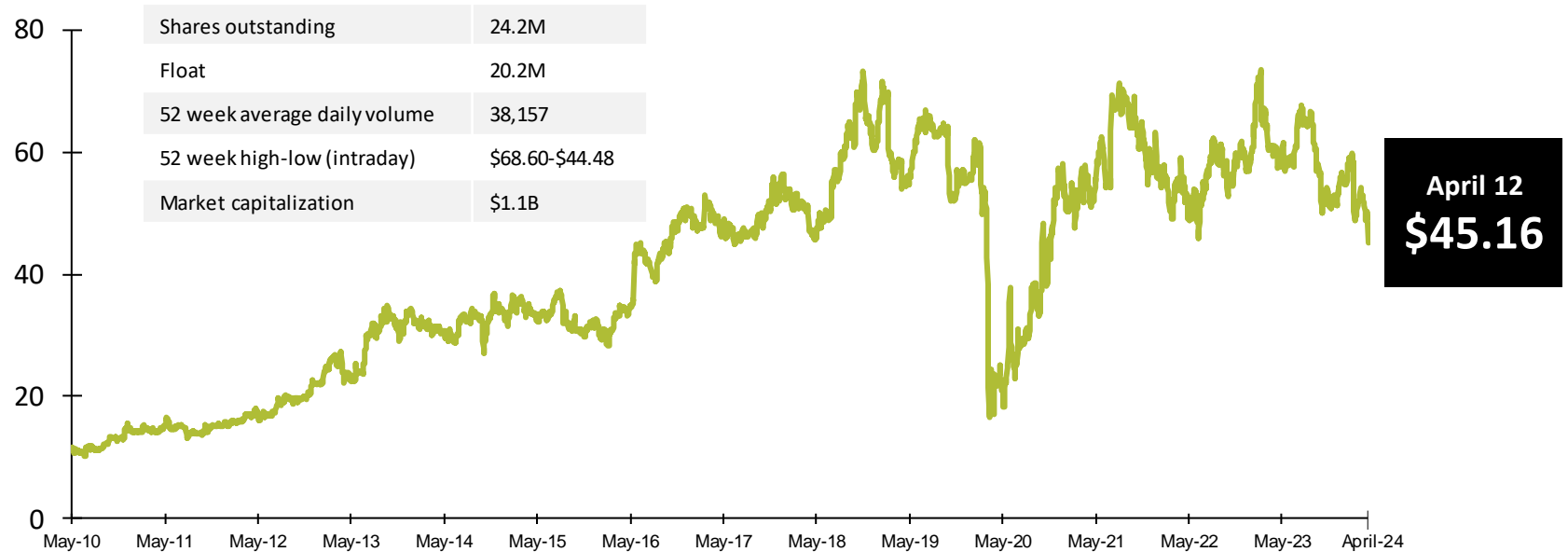
Halloween is the biggest sales day for Papa Murphy's



(1) This is a supplementary financial measure. Please refer to page 3 of this presentation.

# STOCK PRICE PERFORMANCE SINCE LISTED ON TSX

As at April 12, 2024, management and the Board own 16% of shares



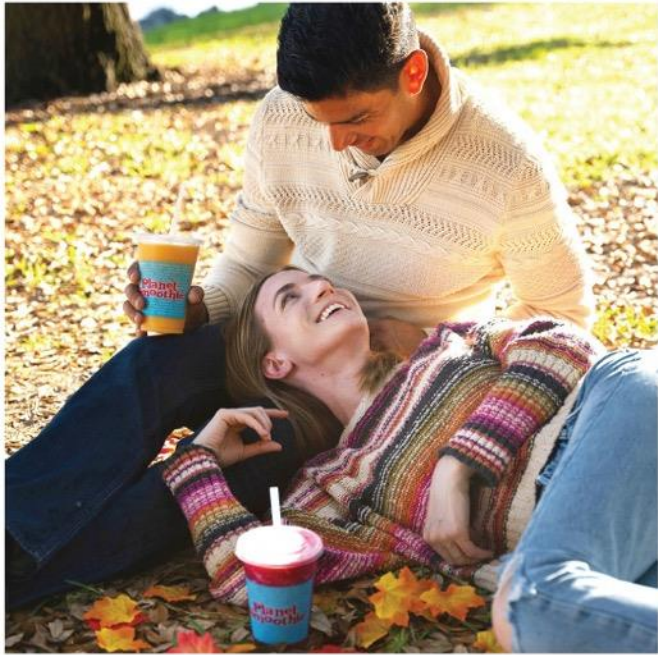
Source: Yahoo Finance. Transactions on the TSX only.

# VALUATION CONUNDRUM

Bloomberg & Factset do not account for subleases which significantly overstates our valuation

Calculations based on Q1-24 data (in thousands except stock price)	Bloomberg / Factset	MTY
Stock price as at February 29, 2024	\$50.50	\$50.50
# shares	24,165	24,165
<b>Market cap.</b>	<b>\$1,220,341</b>	<b>\$1,220,341</b>
LTD	727,120	727,120
Current LTD	9,036	9,036
(less cash)	(50,574)	(50,574)
<b>Net debt (excl. leases)</b>	<b>\$685,582</b>	<b>\$685,582</b>
Lease liabilities	418,783	418,783
Current lease liabilities	110,531	110,531
<b>Net debt (incl. leases)</b>	<b>\$1,214,896</b>	<b>\$1,214,896</b>
Finance lease receivables	n/a	243,772
Current finance lease receivables	n/a	77,392
<b>Total finance lease receivables</b>	<b>n/a</b>	<b>\$321,164</b>
<b>Net debt</b>	<b>\$1,214,896</b>	<b>\$893,732</b>
<b>Enterprise value</b>	<b>\$2,435,237</b>	<b>\$2,114,073</b>
LTM Normalized Adjusted EBITDA <sup>1</sup>	\$267,480	\$267,480
LTM FCF net of lease payments <sup>1</sup>	\$131,956	\$131,956
<b>EV / Normalized Adjusted EBITDA<sup>1</sup></b>	<b>9.1X</b>	<b>7.9X</b>
<b>EV / FCF net of lease payments<sup>1</sup></b>	<b>18.5X</b>	<b>16.0X</b>

(1) This is a non-GAAP measure. Please refer to page 3 of this presentation.



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