



Source: MTY Food Group Inc.

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**PRESS RELEASE
FOR IMMEDIATE PUBLICATION**

MTY REPORTS FIRST QUARTER RESULTS FOR FISCAL 2024

- **Cash flows provided by operating activities increased \$20.7 million to \$54.2 million in the quarter from \$33.5 million in Q1-23.**
- **Free cash flows net of lease payments⁽¹⁾ more than doubled to reach \$36.9 million in the quarter, compared to \$15.4 million in Q1-23. Free cash flows net of lease payments per diluted share⁽²⁾ reached \$1.52 for the quarter compared to \$0.63 in Q1-23.**
- **Net income attributable to owners decreased by 6% at \$17.3 million, or \$0.71 per diluted share compared to \$18.4 million, or \$0.75 per diluted share in Q1-23.**
- **Normalized adjusted EBITDA⁽¹⁾ decreased 7% to \$59.5 million in the quarter from \$64.0 million in Q1-23.**
- **System sales⁽³⁾ for the quarter slightly decreased 2% to \$1.33 billion from \$1.36 billion in Q1-23. System sales decreased 2% in Canada and 3% in the US, while International sales remained stable.**
- **Ended the quarter with 7,112 locations compared to 7,116 locations in Q4-23.**
- **Repurchased and cancelled 70,800 shares for a total consideration of \$3.6 million in Q1-24.**
- **Long-term debt repayments of \$34.6 million for the quarter with a total reduction in long-term debt of \$103.5 million since Q1-23.**
- **Quarterly dividend payment of \$0.28 per share on May 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, April 12, 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 the first quarter of fiscal 2024 ended February 29, 2024 and declared a quarterly dividend of 28.0¢ per share, payable on May 15, 2024 to shareholders registered in the Company's records at the end of the business day on May 3, 2024.

"Following two years of strong system sales growth amid a challenging economic environment, first-quarter results were adversely affected by reduced consumer spending and extreme weather, primarily in the first 6 weeks of 2024," stated Eric Lefebvre, Chief Executive Officer of MTY. "Despite slightly slower sales, we generated the highest operating cash flows in our history in the first quarter, enhancing our ability to reimburse debt and build a treasure chest for future growth opportunities."

Financial Highlights	Q1-2024	Q1-2023
(in thousands of \$, except per share information)		
Revenue	278,644	286,003
Adjusted EBITDA ⁽¹⁾	59,262	62,863
Normalized adjusted EBITDA ⁽¹⁾	59,535	63,959
Net income attributable to owners	17,305	18,387
Cash flows from operations	54,178	33,467
Free cash flows net of lease payments ⁽¹⁾	36,922	15,433
Free cash flows net of lease payments per diluted share ⁽²⁾	1.52	0.63
Net income per share, basic	0.71	0.75
Net income per share, diluted	0.71	0.75
System sales ⁽³⁾	1,331,700	1,362,500
Digital sales ⁽³⁾	273,200	246,200

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FIRST QUARTER RESULTS

Network

- At the end of the first quarter of 2024, MTY's network had 7,112 locations in operation, of which 6,890 were franchised or under operator agreements and 222 were corporate-owned. The geographical split among MTY's locations remained stable year-over-year at 58% in the US, 35% in Canada and 7% International.
- During the first quarter of 2024, MTY's network opened 75 locations (Q1 2023 – 76 locations) and closed 79 others (Q1 2023 – 115 locations).
- System sales decreased 2% year-over-year to \$1.33 billion in the first quarter of 2024 compared to \$1.36 billion in the prior year. The decline was generalized across most of our network, as reduced consumer spending and extreme weather in certain regions during the quarter negatively affected sales.
- Similarly and for the same reasons, same-store sales⁽¹⁾ declined 3% year-over-year in the first quarter.

⁽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 declined 3% year-over-year to \$278.6 million in the first quarter mainly due to less recurring revenue streams that were tightly correlated to reduced system sales. In Canada, revenue from franchise operations decreased 7% year-over-year, while food processing, distribution and retail sales dropped 8%. Lower revenues from these subdivisions were partially offset by an 11% increase from corporate-owned stores due to a net increase in such locations year-over-year. In the U.S. and International segment, revenues from both franchise operations and corporate-owned stores decreased 1% year-over-year, while food processing, distribution and retail sales dropped \$0.7 million mainly attributed to the termination of a retail licensing agreement. Lower revenue levels from these subdivisions were partially offset by higher sales of materials and services to franchisees and greater initial franchise fees, demonstrating the strength of the Company's pipeline for new openings. U.S. revenues were also positively impacted by the acquisitions of Wetzel's Pretzels and Sauce Pizza and Wine, which were finalized in December 2022.

- Normalized adjusted EBITDA, which excludes acquisition-related expenses and SAP project implementation costs, decreased 7% year-over-year to \$59.5 million in the first quarter of 2024 mainly because of lower system sales.
- Net income attributable to owners totaled \$17.3 million, or \$0.71 per share (\$0.71 per diluted share), in the first quarter compared to \$18.4 million, or \$0.75 per share (\$0.75 per diluted share), for the same period in 2023. The year-over-year decrease can mainly be attributed to lower EBITDA and impairment charges on property, plant and equipment and intangibles assets.

LIQUIDITY AND CAPITAL RESOURCES

- In the first quarter of 2024, cash flows generated by operating activities amounted to \$54.2 million compared to \$33.5 million in the first quarter of 2023.
- MTY reimbursed \$34.6 million of its long-term debt, paid \$6.8 million in dividends to shareholders, and repurchased 70,800 shares for a total consideration of \$3.6 million in the first quarter of 2024.
- As at February 29, 2024, MTY had \$50.6 million of cash on hand and long-term debt of \$736.2 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\$536.3 million had been drawn at quarter-end. Hedging strategies, including three-year and two-year fixed interest rate swaps, have provided the Company with quarterly savings of approximately \$1.9 million on interest payments.

DIVIDEND PAYMENT

On April 12, 2024, MTY declared a quarterly dividend payment of \$0.28 per common share. The dividend will be paid on May 15, 2024 to shareholders registered in the Company's records at the end of the business day on May 3, 2024.

CONFERENCE CALL

The MTY Group will hold a conference call to discuss its results on April 12, 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 0769. This recording will be available on Friday, April 12, 2024, as of 11:30 AM Eastern Time until 11:59 PM Eastern Time on Friday, April 19, 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 45 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 7,112 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 SAP project implementation costs) and free cash flows net of lease payments (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) 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 or SAP project implementation costs, which vary in occurrence and in amount. The Company believes that free cash flows net of lease payments is 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. These measures 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 net of lease payments per diluted share (free cash flows net of lease payments 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 net of lease payments per diluted share is a useful metric because it is 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, condensed interim consolidated financial statements and notes thereto for the first quarter ended February 29, 2024, are available on the SEDAR website at www.sedarplus.ca and on the Company's website at www.mtygroup.com.