Source: **MTY Food Group Inc.**

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PRESS RELEASE
FOR IMMEDIATE PUBLICATION

MTY REPORTS FIRST QUARTER RESULTS FOR FISCAL 2025

- **Normalized adjusted EBITDA[1] increased 1% to reach $60.2 million in the quarter, compared to $59.5 million in Q1-24. Franchise segment Normalized adjusted EBITDA[1] rose 1% to attain $44.0 million, or 47% of sales.**
- **System sales[2] for the quarter improved by 2.5% or $33.1 million to reach $1,364.8 million compared to $1,331.7 million in Q1-24 primarily due to favourable foreign exchange.**
- **Cash flows provided by operating activities were $58.8 million compared to $54.2 million in Q1-24, an increase of $4.6 million mostly due to a decrease in interest paid on long-term debt.**
- **Free cash flows net of lease payments[1] increased to $43.5 million in the quarter compared to $36.9 million in Q1-24. Free cash flows net of lease payments per diluted share[3] were $1.87 for the quarter compared to $1.52 in Q1-24.**
- **Net income attributable to owners of $1.7 million, or $0.07 per diluted share compared to 17.3 million, or 0.71 per diluted share in Q1-24.**
- **Adjusted earnings per shares[1] of $0.87 per diluted share compared to $0.69 in Q1-24.**
- **Repurchased and cancelled 287,400 shares for a consideration of $13.8 million.**
- **Quarterly dividend payment of $0.33 per share on May 15, 2025.**

(1) *This is a non-GAAP measure. Please refer to the "Non-GAAP Measures" section at the end of this press release.*
(2) *See section "Definition of supplementary financial measures" found at the end of this press release.*
(3) *See section "Definition of non-GAAP ratios" found in the Supplemental Information section for definition.*

Montreal, April 11, 2025 – 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 first quarter of fiscal 2025 ended February 28, 2025 and declared a quarterly dividend of 33.0¢ per share, payable on May 15, 2025 to shareholders registered in the Company's records at the end of the business day on May 1, 2025.

"Our same-store sales held relatively *stable, once adjusted for the leap year impact — demonstrating the strength and resilience of our portfolio" said Eric Lefebvre, CEO of MTY. "While adverse weather conditions temporarily pressured performance, particularly in our US frozen treats segment, the start of Q2 signals a return to more normal operating conditions. Canada continues to perform consistently, underscoring the stability of our operations."*

"I believe this quarter's modest decline in unit count is a temporary setback, rather than a trend", Lefebvre continued. "Delays in openings are challenges we consistently navigate, particularly in Q1, which has historically been our slowest quarter for net openings. Our development pipeline for Q2, Q3 and beyond is robust, and we remain fully committed to expanding our footprint over the medium to long term."

"Once again, this quarter showcased our ability to generate strong free cash flow growth, reinforcing the financial strength and asset light nature our business. While we remain disciplined in evaluating strategic acquisition opportunities that align with our long-term vision, we continue to see significant value in share repurchases at current levels as a highly accretive use of capital" Lefebvre noted.

Financial Highlights **(in thousands of $, except per share information)**	**Q1-2025**	**Q1-2024**
Revenue	284,792	278,644
Adjusted EBITDA(1)	58,450	59,262
Normalized adjusted EBITDA(1)	60,190	59,535
Net income attributable to owners	1,743	17,305
Cash flows from operations	58,802	54,178
Free cash flows net of lease payments(1)	43,527	36,922
Free cash flows net of lease payments per diluted share(2)	1.87	1.52
Earnings per share, basic	0.07	0.71
Earnings per share, diluted	0.07	0.71
System sales(3)	1,364,800	1,331,700
Digital sales(3)	292,600	273,200

(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.

FIRST QUARTER RESULTS

Network

- At the end of the first quarter of 2025, MTY's network had 7,047 locations in operation, of which 6,791 were franchised or under operator agreements and 256 were corporate-owned. The geographical split among MTY's locations remained stable year-over-year at 57% in the US, 35% in Canada and 8% International.
- During the first quarter of 2025, MTY's network opened 70 locations (Q1 2024 – 75 locations) and closed 102 others (Q1 2024 – 79 locations).
- System sales increased by 2% year-over-year to reach $1.36 billion in the first quarter of 2025 compared to $1.33 billion in prior year. The US segment achieved overall sales growth of 3%, due to a positive impact of foreign exchange rates while Canada achieved organic growth of 1% compared to prior year.
- Same-store sales(1) decreased 1.5% year-over-year in the first quarter. By region, Canada fell 0.4%, the US dropped 2.2%, and International declined 3.5%. The 2025 results were negatively impacted by the 2024 leap year, which added an extra sales day. This impact was not reflected in same-store sales calculations.

(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 increased by 2% to reach $284.8 million in the first quarter, driven by strong performance in the corporate segment, both in Canada and the US.
- Normalized adjusted EBITDA, which excludes acquisition-related expenses and SAP project implementation costs, increased by $0.7 million year-over-year to reach $60.2 million in the first quarter of 2025 primarily due to changes in recurring revenue and expense streams.
- Net income attributable to owners totaled $1.7 million, or $0.07 per share ($0.07 per diluted share), in the first quarter compared to $17.3 million, or $0.71 per share ($0.71 per diluted share), for the same period in 2024. The year-over-year decrease can mainly be attributed to foreign exchange losses of $21.5 million taken primarily on intercompany loans which was offset by a gain on translation on the unaudited condensed interim consolidated statement of comprehensive income.

Segment Performance

- The franchise segment saw stable revenues year-over-year driven by favorable foreign exchange, offset by lower organic system sales in the US along with a slight drop in turnkey projects in Canada. Operating expenses were up 2% driven by higher wages and a $2.0 million foreign exchange headwind. Normalized adjusted EBITDA was up 1%, with margins remaining relatively stable at 47%.
- Corporate segment revenues increased by 3% to $125.9 million, due mainly to increased corporate locations in both Canada and the US. Operating expenses were also higher given costs associated with the greater number of stores. Normalized adjusted EBITDA came in at $12.2 million, relatively stable year-over-year. Margins were in line with last year at 10%.
- Food processing, distribution and retail revenues grew by 7% to $38.2 million, primarily due to stronger sales in the Canadian retail segment. This growth was positively impacted by a good Super Bowl period. Normalized adjusted EBITDA was $4.0 million, up from $3.7 million last year, with margins holding steady at 10%.

LIQUIDITY AND CAPITAL RESOURCES

- In the first quarter of 2025, cash flows generated by operating activities amounted to $58.8 million compared to $54.2 million in the first quarter of 2024. The increase is mainly due to lower interest paid on long-term debt, resulting from ongoing repayments and favourable market interest rates that reduced overall borrowing costs.
- MTY reimbursed $8.7 million of its long-term debt, paid $7.7 million in dividends to shareholders, and repurchased 287,400 shares for a total consideration of $13.8 million in the first quarter of 2025.
- As at February 28, 2025, MTY had $68.8 million of cash on hand and long-term debt of $712.7 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 million, of which CAD$270 million and US$303 million had been drawn at quarter-end.

NEAR-TERM OUTLOOK

- In Q1, same-store sales faced pressure from extreme weather conditions, particularly in the US. However, Q2 is off to a better start, with more normalized basket and traffic trends across the Company's geographies. While that momentum is encouraging , the Company is also prepared for potential headwinds as consumers adjust to the impacts of the recently announced tariffs. As the Company navigates these potential headwinds, management remains focused on the factors within its control – driving menu innovation, maintaining product quality and consistency, enhancing both online and in-store customer experiences, and reinforcing the business' strong value proposition.
- The pipeline of future locations remains strong. Management anticipates an improvement in the pace of openings in Q2 and Q3. This is supported by favorable seasonal trends and continued strong demand for our brands, especially some of our largest brands. While it remains mindful of continued potential delays, management is encouraged by the strong demand it is seeing from some of its new and existing franchisees.
- The tariff landscape remains fluid and management is actively monitoring developments while implementing mitigation strategies. In both Canada and the US, the Company primarily sources products domestically, which helps limit the potential exposure. While we remain vigilant, we are confident in our ability to navigate potential impacts through our strong supply chain and procurement capabilities, strategic menu adjustments, and, when necessary, pricing actions.
- For 2025, management expects stability in normalized adjusted EBITDA margins across all three of its segments, though the Company may experience seasonal fluctuations in corporate store margins. We also expect capex to be lower than prior year, resulting in a positive impact to free cash flows.Looking further

ahead, MTY remains optimistic about its ability to drive margin improvement through positive unit growth, enhanced efficiencies, and an ongoing reduction in the number of less profitable corporate stores.

DIVIDEND PAYMENT

On April 11, 2025, MTY declared a quarterly dividend payment of $0.33 per common share. The dividend will be paid on May 15, 2025 to shareholders registered in the Company's records at the end of the business day on May 1, 2025.

CONFERENCE CALL

The MTY Group will hold a conference call to discuss its results on April 11, 2025, at 8:30 AM Eastern Time. All interested parties can instantly join the call by phone, by following the URL https://emportal.ink/3Rwxc2e to easily register and be connected into the conference call automatically or the conventional method by dialing 1-416-945-7677 or 1-888-699-1199 with the conference identification of 51342#. Parties unable to call in at this time may access a recording by calling 1-888-660-6345 (North American Toll Free) or 1-289-819-1450 (International participants) and entering the passcode 51342#.

ABOUT MTY FOOD GROUP INC.

MTY Group franchises and operates quick-service, fast casual and casual dining restaurants over 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 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 7,047 locations, the many flavors 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), adjusted earnings per share (net income attributable to owners less tax effected unrealized and realized foreign exchange gain (loss) divided by weighted daily average number of common shares – diluted) 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 28, 2025, are available on the SEDAR+ website at **www.sedarplus.ca** and on the Company's website at **www.mtygroup.com**.