

Source: MTY Food Group Inc.

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**PRESS RELEASE
FOR IMMEDIATE PUBLICATION**

MTY REPORTS SECOND QUARTER RESULTS FOR FISCAL 2025

- Net income attributable to owners increased to \$57.3 million, or \$2.49 per diluted share compared to \$27.3 million, or \$1.13 per diluted share in Q2-24.
- Cash flows provided by operating activities were \$40.2 million compared to \$40.6 million in Q2-24, a decrease of \$0.4 million mainly attributable to lower segment EBITDA.
- Franchise segment normalized adjusted EBITDA⁽¹⁾ increased by 3% to attain \$54.0 million in the quarter, compared to \$52.6 million in Q2-24.
- Normalized adjusted EBITDA⁽¹⁾ decreased 5% to reach \$70.0 million in the quarter, compared to \$73.7 million in Q2-24.
- System sales⁽²⁾ for the quarter increased slightly at \$1.5 billion compared to Q2-24.
- Free cash flows net of lease payments⁽¹⁾ decreased to \$23.6 million in the quarter compared to \$24.3 million in Q2-24. Free cash flows net of lease payments per diluted share⁽³⁾ were \$1.03 for the quarter compared to \$1.01 in Q2-24.
- Ended the quarter with 7,046 locations compared to 7,079 location at the end of the last fiscal year. Stable store count compared to prior quarter with a net decrease of one location.
- Adjusted earnings per share⁽¹⁾ of \$1.17 per diluted share compared to \$1.25 in Q2-24.
- Repurchased and cancelled 297,000 shares for a consideration of \$12.6 million in Q2-25, bringing the year-to-date total to 584,400 shares for a consideration of \$26.4 million.

⁽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, July 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 second quarter of fiscal 2025 ended May 31, 2025 and declared a quarterly dividend of 33.0¢ per share, payable on **August 15, 2025** to shareholders registered in the Company's records at the end of the business day on August 5, 2025.

"From a same-store sales standpoint, the second quarter reflected a tale of two geographies. In the U.S., what began as volatility in Q1 evolved into broader macroeconomic pressure in Q2, which impacted both traffic and average check across much of our network. That said, Village Inn stood out as a bright spot, and we're actively rolling out initiatives aimed at reinvigorating the guest experience across our key banners," said Eric Lefebvre, CEO of MTY. "We believe these are near-term challenges, and we're confident that the steps we're taking will position us well as the environment improves. In contrast, Canada continued to shine, with strong momentum driving solid results, particularly in the casual dining segment. This strength underscores the value of our diversified platform and the resilience of our brands in varied market conditions."

"While we're not satisfied with the year-over-year EBITDA performance this quarter, it's important to note that the impact was primarily concentrated within our Corporate segment, with our Franchise and Retail segments performing better," Lefebvre continued. "The softness in the Corporate segment was largely driven by some specific banners. We're actively evaluating strategic options — ranging from accelerating our franchising efforts with one of the banners to implementing broader, transformative changes with the other. We're confident that these initiatives will strengthen the segment and enhance long-term profitability."

Financial Highlights (in thousands of \$, except per share information)	Q2-2025	Q2-2024	6 Months 2025	6 Months 2024
Revenue	304,874	303,739	589,666	582,383
Adjusted EBITDA ⁽¹⁾	69,285	73,198	127,735	132,460
Normalized adjusted EBITDA ⁽¹⁾	70,021	73,683	130,211	133,218
Net income attributable to owners	57,289	27,278	59,032	44,583
Cash flows from operations	40,160	40,558	98,962	94,736
Free cash flows net of lease payments ⁽¹⁾	23,622	24,321	67,149	61,243
Free cash flows net of lease payments per diluted share ⁽²⁾	1.03	1.01	2.90	2.53
Earnings per share, basic	2.49	1.13	2.55	1.84
Earnings per share, diluted	2.49	1.13	2.55	1.84
System sales ⁽³⁾	1,463,500	1,459,400	2,828,300	2,791,100
Digital sales ⁽³⁾	296,700	287,700	589,200	560,900

⁽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.

SECOND QUARTER RESULTS

Network

- At the end of the second quarter of 2025, MTY's network had 7,046 locations in operation, of which 6,791 were franchised or under operator agreements and 255 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 second quarter of 2025, MTY's network opened 76 locations (Q2 2024 – 85 locations) and closed 77 others (Q2 2024 – 90 locations).
- System sales reached \$1.46 billion in the second quarter of 2025, representing a modest year-over-year increase of 0.3%. The US segment experienced an overall sales decrease of 1%, due to a decline in same store sales, slightly offset by the positive impact of foreign exchange rates while Canada achieved organic growth of 3% compared to prior year.
- Same-store sales⁽¹⁾ decreased 1.9% year-over-year in the second quarter. By region, Canada grew by 1.4%, the US dropped 3.8%, and International declined by 2.9%.
- Digital sales increased by 3% for the quarter to reach \$296.7 million compared to \$287.7 million in Q2-24.

⁽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 remained stable to reach \$304.8 million in the second quarter, driven by growth in the franchise and in the processing, distribution and retail segment, offset by a decline in the corporate segment.
- Net income attributable to owners totaled \$57.3 million, or \$2.49 per share (\$2.49 per diluted share), in the second quarter compared to \$27.3 million, or \$1.13 per share (\$1.13 per diluted share), for the same period in 2024. The year-over-year increase can mainly be attributed to foreign exchange gain of \$35.0 million taken primarily on intercompany loans which was offset by a loss on translation on the unaudited condensed interim consolidated statement of comprehensive income.
- Normalized adjusted EBITDA, which excludes acquisition-related expenses and SAP project implementation costs, decreased by \$3.7 million year-over-year to reach \$70.0 million in the second quarter of 2025 primarily due to lower margins generated by the US corporate stores.

Segment Performance

- The franchise segment saw modestly higher revenues year-over-year driven by higher organic system sales in Canada and favorable foreign exchange, offset by lower organic system sales in the US. Operating expenses were up 2% driven by higher wages and a \$1.0 million foreign exchange headwind. The US segment saw a \$1.2 million decrease in controllable expenses in the quarter. Normalized adjusted EBITDA improved by 3% to reach \$54.0 million compared to \$52.6 million in prior year.
- Corporate segment revenues decreased by 1% to \$131.5 million, due mainly to lower system sales. Normalized adjusted EBITDA came in at \$11.3 million, a \$5.5 million decline year-over-year. The decline was largely the result of pressure in two of the company's largest US-based banners. Normalized adjusted EBITDA margin was 9%, compared to 13% last year.
- Food processing, distribution and retail revenues grew by 4% to \$40.2 million, due to an increase of 3% in retail sales and an increase of 6% in food processing and distribution. Normalized adjusted EBITDA came in at \$4.7 million, up from \$4.3 million last year. Normalized adjusted EBITDA margin expanded to 12%, from 11% last year.

LIQUIDITY AND CAPITAL RESOURCES

- In the second quarter of 2025, cash flows generated by operating activities amounted to \$40.2 million compared to \$40.6 million in the second quarter of 2024. The decrease is mainly due to lower segment EBITDA and an unfavourable working capital variance.
- MTY reimbursed \$17.0 million of its long-term debt, paid \$7.6 million in dividends to shareholders, and repurchased 297,000 shares for a total consideration of \$12.6 million in the second quarter of 2025.
- As at May 31, 2025, MTY had \$47.2 million of cash on hand and long-term debt of \$670.7 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 \$900.0 million, of which CAD\$264.0 million and US\$295.0 million had been drawn at quarter-end.

OUTLOOK

- MTY continues to navigate a dynamic operating environment. Second-quarter same-store sales performance highlighted a clear contrast between its two core markets. While macroeconomic conditions created short-term headwinds in the U.S., the Company is actively implementing a range of strategic initiatives to position the business for growth once the environment improves. These include, and are not limited to, driving menu innovation, maintaining product quality and consistency, enhancing both online and in-store customer experiences, and reinforcing a strong value proposition across its banners.
- The pipeline of future locations remains strong. This quarter's net openings came in slightly below plan, however MTY anticipates an improvement in the pace of openings in the coming quarters and continues to see strong demand for its brands, especially the larger ones.
- To date MTY has only seen modest direct impacts from tariffs, however the 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. Management remains confident in its ability to navigate potential impacts through its 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 some fluctuations in corporate store margins, such as this quarter. Overall, management remains confident 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.
- Management expects to continue to drive strong free cash flows in 2025. This will be supported by lower capex than prior year.

DIVIDEND PAYMENT

On July 11, 2025, MTY declared a quarterly dividend payment of \$0.33 per common share. The dividend will be paid on August 15, 2025 to shareholders registered in the Company's records at the end of the business day on August 5, 2025.

CONFERENCE CALL

The MTY Group will hold a conference call to discuss its results on July 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/3T9doDa> 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 76269#. 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 76269#.

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 7,046 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 second quarter ended May 31, 2025, are available on the SEDAR+ website at www.sedarplus.ca and on the Company's website at www.mtygroup.com.