Source: **MTY Food Group Inc.**

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PRESS RELEASE
FOR IMMEDIATE PUBLICATION

MTY REPORTS SECOND QUARTER RESULTS FOR FISCAL 2026

GAAP Measures:

- **Segment profits were $59.9 million during the 13 week period ended May 31, 2026 (the "second quarter"), a decrease of $9.4 million compared to the same period in 2025.**
- **Impairment charge on right-of-use assets of $7.5 million during the 13 week period as a result of managements decision to close 68 of its corporate locations in the coming months.**
- **Net income attributable to owners decreased to $15.4 million, or $0.67 per diluted share compared to $57.3 million, or $2.49 per diluted share in Q2-25.**
- **Cash flows provided by operating activities increased 25% or $8.7 million to $43.0 million compared the same period in 2025.**
- **Long-term debt repayments of $15.7 million during the 13 week period with net repayments of $77.5 million since Q2-25.**

Management Key Performance Indicators:

- **6 net store openings during the 13 week period.**
- **Normalized adjusted EBITDA(1) of $60.2 million during the 13 week period, a decrease of $9.8 million compared to the same period in 2025.**
- **Adjusted earnings per share(1) of $0.97 per diluted share compared to $1.17 in the same period in 2025.**
- **Free cash flows net of lease payments(2) were $32.2 million or $1.41 per diluted share.**
- **System sales(3) were $1.4 billion during the second quarter.**
- **Same stores sales(3) decreased by 2.1% during the second quarter.**

(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 10, 2026 – 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 13 week period of 2026 ended May 31, 2026 and declares a quarterly dividend of 37.0¢ per share, payable on August 14, 2026 to shareholders registered in the Company's records at the end of the business day on August 4, 2026.

"Our second quarter results reflected continued pressure on consumer spending and a challenging operating environment," said Eric Lefebvre, Chief Executive Officer of MTY. "Despite these headwinds, our asset-light and diversified model continued to generate strong free cash flow from operations, and we remained focused on executing against our development pipeline, with positive store openings progressing in line with our plans and a strong slate of openings expected through the balance of the year."

"We are also taking decisive action to improve the quality and profitability of our corporate store portfolio. Following a detailed store-by-store review, we have made the decision to close 68 underperforming corporate-owned locations over the next nine months. This is a decisive step to address underperforming assets and improve the overall quality of our corporate store portfolio. While this action will reduce our store count in the near term, we believe it will strengthen the business over the long term by reducing losses and allowing us to focus resources on our strongest opportunities. We remain committed to disciplined execution, strong cash generation and creating long-term value for shareholders."

Financial Highlights **(in thousands of $, except per share information)**	**13 week period ended May 31, 2026**	**13 week period ended May 31, 2025**	**26 week period ended May 31, 2026**	**26 week period ended May 31, 2025**
Revenue	279,944	304,874	547,709	589,666
Adjusted EBITDA(1)	59,924	69,285	119,741	127,735
Normalized adjusted EBITDA(1)	60,229	70,021	120,369	130,211
Net income attributable to owners	15,449	57,289	52,376	59,032
Cash flows from operations	43,029	34,357	83,932	98,962
Free cash flows net of lease payments(1)	32,198	17,819	61,180	67,149
Free cash flows net of lease payments per diluted share(2)	1.41	0.78	2.68	2.90
Earnings per share, basic and diluted	0.67	2.49	2.29	2.55
System sales(3)	1,411,600	1,463,500	2,702,000	2,828,300
Digital sales(3)	284,200	296,700	576,700	589,200

(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.

SECOND QUARTER RESULTS

Network

- At the end of the 13 week period, MTY's network had 7,040 locations in operation, of which 6,808 were franchised or under operator agreements and 232 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 13 week period, MTY's network opened 84 locations (2025 period – 76 locations) and closed 78 others (2025 period – 77 locations), resulting in net positive store growth of 6 locations (2025 period – net decrease of 1 location.
- System sales(1) were $1.4 billion in the 13 week period, a decrease of 3.5% compared to the same period in 2025. Excluding the impact of foreign exchange, which accounted for 49% of the decrease, organic system sales decreased 1.7%, with the US in line with the overall figure and Canada down 2.7%.
- Same-store sales(1) decreased 2.1% year-over-year in the 13 week period. By region, Canada and the US were relatively similar with decreases of 1.8% and 2.2%, respectively while International experienced a 5.2% decrease.
- Digital sales(1) remained resilient in the 13 week period of 2026 at $284.2 million, including the impact of foreign exchange rates, representing 21% of total sales. As a % of total system sales, digital sales remained stable representing 20.7% of system sales compared to 20.8% in prior year.

(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 was $279.9 million in the second quarter, a decrease of 8.2% compared to the same period in 2025, primarily attributable to lower revenue from corporate stores, which was tightly correlated to a decrease in the number of corporate-owned locations, as well as lower revenue from turnkey projects and the impacts of foreign exchange.
- Net income attributable to owners totaled $15.4 million, or $0.67 per share, in the second quarter compared to $57.3 million, or $2.49 per share, for the same period in 2025. The change was primarily due to lower adjusted EBITDA and a stronger Canadian dollar relative to the US dollar which resulted in a loss of $7.6 million in the 13 week period compared to a gain of $35.0 million in the 2025 period. The 2026 period was also impacted by a $7.5 million impairment loss on right-of-use assets, resulting from managements decision to close 68 corporate locations compared to an impairment of $0.2 million in prior year.

- Normalized adjusted EBITDA, which excludes acquisition-related expenses and SAP project implementation costs, was $60.2 million, a decrease of $9.8 million compared to 2025. The change was due to reduced profitability from corporate operations mostly in the U.S. and International segment together with lower contributions from franchising operations. These factors reflected continued pressure from commodity and other operating costs, as well as softer consumer spending in certain markets.

Calculation of Adjusted EBITDA [(1)] and Normalized adjusted EBITDA [(1)]

(In thousands $)	13 week period ended May 31, 2026	13 week period ended May 31, 2025	26 week period ended May 31, 2026	26 week period ended May 31, 2025
Income before taxes	15,750	69,538	61,835	70,032
Depreciation – property, plant and equipment and right-of-use assets	13,149	14,608	26,836	29,510
Amortization – intangible assets	7,884	8,175	15,804	16,489
Interest on long-term debt	7,340	8,929	14,503	18,058
Net interest expense on leases	2,398	2,744	4,937	5,582
Impairment charge – right-of-use assets	7,542	205	7,829	495
Impairment charge – property, plant and equipment	1,703	—	1,703	435
Unrealized and realized foreign exchange loss (gain)	7,643	(35,040)	(9,246)	(13,580)
Interest income	(54)	(95)	(119)	(190)
(Gain) loss on de-recognition/lease modification of lease liabilities	(449)	358	(1,617)	492
Gain on disposal of asset held for sale	—	—	(336)	—
(Gain) loss on disposal of property, plant and equipment	(2,973)	(168)	(2,402)	82
Gain on disposal of intangible assets	(5)	—	(5)	—
Revaluation of financial liabilities and derivatives recorded at fair value	(4)	31	19	330
Segment profit	**59,924**	**69,285**	**119,741**	**127,735**
SAP project implementation costs [(2)]	305	736	628	1,065
Transaction costs related to acquisitions [(3)]	—	—	—	1,411
Normalized adjusted EBITDA [(1)]	**60,229**	**70,021**	**120,369**	**130,211**

(1) *See section "Definition of non-GAAP measures" found in the Supplemental Information section for definition.*
(2) *SAP project implementation costs are included in the Consulting and professional fees, wages and benefits and advertising, travel, meals and entertainment as part of the Operating expenses in the condensed interim consolidated financial statements.*
(3) *Transaction costs related to acquisitions are included in Consulting and professional fees and Other as part of Operating expenses in the condensed interim consolidated financial statements.*

Segment Performance

- Franchise segment revenues declined by 4% in the 13 week period, compared to the same period in 2025 while margins stayed relatively stable at 51% compared to 52% in prior year. One-third of the decrease in revenues resulted from foreign exchange variations, while the remaining decrease was due to lower turnkey projects in Canada and lower gift card program revenues in the US. Franchising operating expenses decreased from $49.6 million to $48.0 million in the 13 week period. The decrease was primarily attributable to lower turnkey project and gift card program costs, which decreased in line with the corresponding revenue streams compared to the same period last year. This was partially offset by the non-recurrence of a $0.8 million favourable provision adjustment recorded in the same period last year. Normalized adjusted EBITDA decreased to $50.9 million in the 13 week period of 2026, compared to $54.0 million for the same period in 2025.

- Corporate segment revenues were $111.7 million, a decrease of 15%, which is tightly correlated to the decrease in the number of corporate-owned stores, reflecting the Company's continued efforts to optimize its restaurant portfolio and increase the relative contribution of its asset-light franchise operation. Operating expenses showed a correlated decrease of 12% compared to the same period last year. Normalized adjusted EBITDA came in at $5.7 million, a $5.6 million decrease year-over-year with margin of 5%, compared to 9% last year. Margins were negatively impacted by softness in system sales as well as the non-recurrence of the employee retention credit recognized in prior year.
- Food processing, distribution and retail revenues decreased by 2% to $39.3 million. The decrease is due to a decrease in retail sales of 6%. Normalized adjusted EBITDA came in at $3.6 million compared to $4.7 million last year.

13-week period ended May 31, 2026						
(In millions $)	Franchise	Corporate	Processing, distribution and retail	Promotional funds	Intercompany transactions	Total
Revenue	98.6	111.7	39.3	31.9	(1.6)	279.9
Operating expenses	48.0	106.0	35.7	31.9	(1.6)	220.0
Segment profit	50.6	5.7	3.6	—	—	59.9
Segment profit as a % of Revenue [(2)]	51%	5%	9%	N/A	N/A	21%
SAP project implementation costs [(3)]	0.3	—	—	—	—	0.3
Normalized adjusted EBITDA [(1)]	50.9	5.7	3.6	—	—	60.2
Normalized adjusted EBITDA as a % of Revenue [(2)]	52%	5%	9%	N/A	N/A	22%

13-week period ended May 31,2025						
(In millions $)	Franchise	Corporate	Processing, distribution and retail	Promotional funds	Intercompany transactions	Total
Revenue	102.8	131.5	40.2	30.9	(0.6)	304.8
Operating expenses	49.6	120.2	35.5	30.9	(0.6)	235.6
Segment profit	53.2	11.3	4.7	—	—	69.2
Segment profit as a % of Revenue [(2)]	52%	9%	12%	N/A	N/A	23%
SAP project implementation costs [(3)]	0.8	—	—	—	—	0.8
Normalized adjusted EBITDA [(1)]	54.0	11.3	4.7	—	—	70.0
Normalized adjusted EBITDA as a % of Revenue [(2)]	53%	9%	12%	N/A	N/A	23%

(1) See section "Definition of non-GAAP ratios" found in the Supplemental Information section for definition.

(2) SAP project implementation costs are included in the Consulting and professional fees, wages and benefits and advertising, travel, meals and entertainment as part of the Operating expenses in the consolidated financial statements.

(3) See section "Definition of non-GAAP measures" found in the Supplemental Information section for definition.

LIQUIDITY AND CAPITAL RESOURCES

- In the 13 week period of 2026, cash flows generated by operating activities amounted to $43.0 million compared to $34.4 million in the 13 week period of 2025. The increase during the 13-weeks ended May 31, 2026 is mainly attributable to lower interest paid and a positive working capital fluctuation. The positive working capital fluctuation is primarily the result of variances in accounts payable and accrued liabilities partly due to timing of payroll and interest expense accruals. Excluding the variations in non-cash working capital items, income taxes, interest paid and other, operations generated $60.0 million, compared to $69.4 million last year.
- MTY reimbursed 15.7 million of its long-term debt and paid $8.5 million in dividends to shareholders.
- As at May 31, 2026, MTY had $63.0 million of cash on hand and long-term debt of $594.1 million, mainly in the form of bank facilities. The Company also had a revolving credit facility with an authorized amount of $900.0 million, of which CAD$248.0 million and US$252.0 million had been drawn at the end of the 13 week period.

Free cash flows net of lease payments[1] related to cash flows provided by operating activities.

(In thousands $)	**13 week period ended May 31, 2026**	**13 week period ended May 31, 2025**	**26 week period ended May 31, 2026**	**26 week period ended May 31, 2025**
Cash flows provided by operating activities [2]	43,029	34,357	83,932	98,962
Additions to property, plant and equipment	(3,665)	(4,382)	(6,234)	(8,047)
Additions to intangible assets	24	(827)	(482)	(1,716)
Proceeds on disposal of assets held for sale	—	—	838	—
Proceeds on disposal of property, plant and equipment	3,132	213	4,071	1,322
Proceeds on disposal of intangible assets	41	—	41	—
Net lease payments	(10,363)	(11,542)	(20,986)	(23,372)
Free cash flows net of lease payments [1]	**32,198**	**17,819**	**61,180**	**67,149**

(1) *See section "Definition of non-GAAP measures" found in the Supplemental Information section for definition.*

(2) *Prior quarter cash flows provided by operating activities have been restated to reflect a reclassification between effect of foreign exchange rate changes on cash and changes in non-cash working capital items.*

STRATEGIC REVIEW

On November 17, 2025, MTY Group announced that the Board of Directors of the Company had initiated a strategic review process and engaged a financial advisor to identify, review and evaluate potential strategic alternatives with a view toward continuing to enhance shareholder value. While the Company cannot provide a specific timeline or assurance that any transaction will result, we confirm that the process referred to in our previous press release is ongoing. The Company will provide an update or make an announcement as appropriate or as required by law.

OUTLOOK

MTY continues to navigate a dynamic operating environment. The macro-economic conditions continue to create short term headwinds and the Company continues 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, leveraging data and AI to improve our understanding of customers and improve communications with existing, lapsed and potential guests, 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 as MTY continues to see strong demand for its brands. It anticipates an improvement in the pace of openings in the coming quarters and remains confident in its ability to achieve net location growth in the future.

Management notes that certain macroeconomic and policy-related uncertainties could affect performance. To date MTY has only seen modest direct impacts from tariffs, and although the exact impact is difficult to measure, the increases in oil and gas prices has undoubtedly affected consumer confidence and spending in restaurants.

In both Canada and the US, the Company primarily sources products domestically, which helps limit the potential exposure to tariffs. Oil and gas prices may have longer impacts should the war in the middle East continue primarily impacting supply chain costs and margins for franchisees, corporate stores and the retail segment. 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.

Management expects stability in normalized adjusted EBITDA margins across each of its segments, though the Company may experience some fluctuations in corporate store margins. 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.

Following a detailed review of its portfolio, the Company has made the decision to close 68 of its corporate locations in the coming months, which had combined losses of over $10 million in the last 12 months. The early termination of the related leases remains to be negotiated with the landlords and can fluctuate depending on the term left of each specific lease and the terms of those leases. The estimated total cost is expected to range between $10 million and $12 million. This will affect free cash flows in the short term, but will help teams focus on healthier, more profitable locations in the future. Estimated completion of all the closures and lease buyout negotiations will take between 6 and 9 months.

DIVIDEND PAYMENT

On July 10, 2026, MTY declared a quarterly dividend payment of $0.37 per common share. The dividend will be paid on August 14, 2026 to shareholders registered in the Company's records at the end of the business day on August 4, 2026.

CONFERENCE CALL

The MTY Group will hold a conference call to discuss its results on July 10, 2026, at 8:30 AM Eastern Time. All interested parties can instantly join the call by phone, by following the URL https://emportal.ink/4oguP37 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 90862#. 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 90862#.

ABOUT MTY FOOD GROUP INC.

MTY Group franchises and operates quick-service, fast casual and casual dining restaurants over 80 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 7,040 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 13 week period ended May 31, 2026 are available on the SEDAR+ website at **www.sedarplus.ca** and on the Company's website at **www.mtygroup.com**.