

Source: MTY Food Group Inc.

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**PRESS RELEASE
FOR IMMEDIATE PUBLICATION**

MTY REPORTS THIRD QUARTER RESULTS FOR FISCAL 2026, ANNOUNCES END OF STRATEGIC REVIEW AND INCREASES DIVIDEND BY 35%

GAAP Measures:

- Segment profits were \$59.9 million during the 13-week period ended August 30, 2026 (the "third quarter").
- Net income attributable to owners of \$24.8 million, or \$1.08 per diluted share compared to \$27.9 million, or \$1.22 per diluted share in Q3-25.
- Cash flows provided by operating activities decreased 4% or \$1.4 million to \$37.6 million compared the same period in 2025.
- Long-term debt repayments of \$14.0 million for the quarter with net repayments of \$61.2 million since Q3-25.

Management Key Performance Indicators:

- Free cash flows net of lease payments⁽²⁾ were \$28.5 million or \$1.25 per diluted share compared to \$25.8 million or \$1.13 per diluted share in the same period in 2025.
- 74 net store closures during the 13-week period of which 50 were related to the corporate store closures announced in the second quarter. Corporate store locations now represent 2.6% of the network compared to 3.6% last year.
- Normalized adjusted EBITDA⁽¹⁾ of \$60.8 million during the 13-week period.
- Normalized adjusted EBITDA and EBITDA margins for the franchising and processing, distribution and retail segments remained inline with prior year. Of note, franchising EBITDA increased by 1% with margins stable at 54%. Corporate store profitability was impacted by a decline in sales for some concepts as well as by the strategic closure project announced last quarter.
- Adjusted earnings per share⁽¹⁾ of \$1.26 per diluted share compared to \$1.19 in the same period in 2025.
- System sales⁽³⁾ remained steady at \$1.5 billion during the third quarter compared to last year.
- Same-stores sales⁽³⁾ decreased by 1.9% during the third quarter with Canada remaining relatively flat to prior year, the US segment decreasing by 2.7% and International segment decreasing by 9.1%.

⁽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, October 9, 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 August 30, 2026, announces end of strategic review and declares a quarterly dividend of 50.0¢ per share, payable on November 13, 2026 to shareholders registered in the Company's records at the end of the business day on November 3, 2026.

“During the third quarter, our franchising segment showed impressive resilience despite facing 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 flows, and we remained focused on executing our strategic plan.”

“Following the announcement last quarter that we would be closing corporate locations representing roughly 1% of our network, we closed 50 locations during the third quarter, with the remainder of the planned closures anticipated to happen during Q4. 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 August 30, 2026	Three-month period ended August 31, 2025	39-week period ended August 30, 2026	Nine-month period ended August 31, 2025
Revenue	277,726	298,990	825,435	893,577
Adjusted EBITDA ⁽¹⁾	59,956	73,204	179,697	200,939
Normalized adjusted EBITDA ⁽¹⁾	60,806	73,964	181,540	204,175
Net income attributable to owners	24,755	27,875	77,131	86,907
Cash flows from operations	37,594	39,009	121,526	137,971
Free cash flows net of lease payments ⁽¹⁾	28,475	25,819	89,655	92,968
Free cash flows net of lease payments per diluted share ⁽²⁾	1.25	1.13	3.93	4.04
Earnings per share, basic and diluted	1.08	1.22	3.38	3.77
System sales ⁽³⁾	1,455	1,455	4,157	4,284
Digital sales ⁽³⁾	279,200	273,400	855,900	862,600

⁽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.

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, including a sale of all or part of the Company as well as continuing to execute its current business plan.

Given the changing macroeconomic environment and evolving customer expectations, the Board of Directors undertook a thorough and comprehensive review of strategic options to determine the best path forward to maximize shareholder and stakeholder value. Throughout the process, the Company engaged with a range of interested parties and considered a broad set of alternatives. Following this comprehensive review, the Special Committee of independent directors and the Board of Directors have unanimously concluded that the most compelling path forward to drive shareholder value is to accelerate the evolution of MTY's current strategic plan, with a sharpened focus on efficiency, simplification, and disciplined capital allocation.

The company's proposed actions will include, but will not be limited to, the following:

- The Company will seek to return capital to shareholders by restoring the normal course issuer bid and will evaluate the potential for a substantial issuer bid.
- The Company will increase its quarterly dividend to \$0.50 per share from \$0.37 per share, payable on November 13, 2026 to shareholders of record on November 3, 2026.

- The Company will work to optimize its portfolio of brands.
- The Company will focus on reverting to asset light franchising operations.
- The Company will restructure some functions and offices to streamline operational efficiencies.

These proposed actions reflect the Board and management's confidence in MTY's underlying business and its disciplined approach to capital allocation.

While mergers and acquisitions are part of MTY's DNA, the Board of Directors believes the best opportunity available today is MTY itself. Few acquisition targets offer the value and quality that MTY does, so for the moment, the Company will focus on returning capital directly to shareholders by buying back MTY's own shares for cancellation and paying an increased dividend.

"MTY is at an inflection point, well positioned to harvest the benefits of the investments made over the last two years in our new ERP, which was delivered on time and on budget, as well as in our data infrastructure and systems architecture," said *Eric Lefebvre, Chief Executive Officer of MTY*. "We've also taken decisive action to strengthen our corporate restaurant portfolio and have begun franchising strong-performing restaurants, continuing our evolution toward the pure-play, asset-light franchisor that has long been the foundation of our success. Our balance sheet is healthy, our cash generation remains strong, and we are entering this next phase with the discipline and focus needed to create lasting value."

THIRD QUARTER RESULTS

Network

- At the end of the 13-week period, MTY's network had 6,966 locations in operation, of which 6,782 were franchised or under operator agreements and 184 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 72 locations (2025 period – 96 locations) and closed 146 others (2025 period – 81 locations), resulting in net decrease of 74 locations (2025 period – net increase of 15 locations). Of the 146 locations closed, 50 were related to the corporate store closure announced in the second quarter.
- System sales⁽¹⁾ were \$1.5 billion in the 13-week period, remaining steady compared to the same period in 2025. Excluding the impact of foreign exchange, organic system sales decreased 1.5%, with Canada increasing by 0.7% and the US decreasing by 2.5%. System sales were negatively impacted by the timing of the quarter-end, which fell on August 30 compared to August 31 in the prior year, the later timing of the Labour Day weekend, and the closure of certain corporately-owned restaurants.
- Same-store sales⁽¹⁾ decreased 1.9% year-over-year in the 13-week period. By region, Canada was relatively similar to prior year with a decrease of 0.2% while the US and international decreased by 2.7% and 9.1% respectively.
- Digital sales⁽¹⁾ remained resilient in the 13-week period of 2026 at \$279.2 million, representing an increase of 2% despite decreasing system sales. As a % of total system sales, digital sales increased slightly representing 19.8% of system sales compared to 19.3% 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 \$277.7 million in the third quarter, a decrease of 7.1% 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 the retail segment due to delayed promotional activity.

- Net income attributable to owners totaled \$24.8 million, or \$1.08 per share, in the third quarter compared to \$27.9 million, or \$1.22 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 \$4.5 million in the 13-week period compared to a gain of \$0.7 million in the 2025 period.
- Normalized adjusted EBITDA, which excludes acquisition-related and strategic review expenses, and SAP project implementation costs, was \$60.8 million, a decrease of \$13.2 million compared to 2025. The change was due to reduced profitability from corporate operations mostly in the U.S. and International segment. 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⁾

	13-week period ended August 30, 2026	Three-month period ended August 31, 2025	39-week period ended August 30, 2026	Nine-month period ended August 31, 2025
<i>(In thousands \$)</i>				
Income before taxes	27,401	34,556	89,236	104,588
Depreciation – property, plant and equipment and right-of-use assets	12,086	14,930	38,922	44,440
Amortization – intangible assets	7,950	8,126	23,754	24,615
Interest on long-term debt	7,309	8,751	21,812	26,809
Net interest expense on leases	2,230	2,640	7,167	8,222
Impairment charge (reversal) – right-of-use assets	136	(1,030)	7,965	(535)
Impairment charge – property, plant and equipment	2,366	6,241	4,069	6,676
Unrealized and realized foreign exchange loss (gain)	4,512	(723)	(4,734)	(14,303)
Interest income	(138)	(71)	(257)	(261)
Gain on de-recognition/lease modification of lease liabilities	(535)	(427)	(2,152)	65
Gain on disposal of asset held for sale	—	—	(336)	—
(Gain) loss on disposal of property, plant and equipment	(3,389)	(119)	(5,791)	(37)
Gain on disposal of intangible assets	—	—	(5)	—
Revaluation of financial liabilities and derivatives recorded at fair value	28	330	47	660
Segment profit	59,956	73,204	179,697	200,939
SAP project implementation costs ⁽²⁾	75	760	703	1,825
Transaction costs related to acquisitions and strategic review ⁽³⁾	775	—	1,140	1,411
Normalized adjusted EBITDA ⁽¹⁾	60,806	73,964	181,540	204,175

⁽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 and strategic review 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 increased by 1.6% in the 13-week period, compared to the same period in 2025 while normalized EBITDA margins stayed stable at 54%. The increase in revenues was the result of an increase in recurring revenues streams in the US and International segment as well as favourable foreign exchange variations, partially offset by a decrease in recurring revenue streams in Canada. Franchising operating expenses increased from \$46.7 million to \$47.9 million in the 13-week period. The increase was primarily attributable to an increase in non-recurring costs incurred in connection with the strategic review, higher expected credit losses and an increase in sales of materials and services to franchisees. This was partially offset by lower SAP implementation costs and reduction in recurring controllable expenses, driven by improved cost efficiencies, such as lower wage costs resulting from optimized staffing levels. Normalized adjusted EBITDA increased by 1% to reach \$55.4 million in the 13-week period of 2026, compared to \$54.9 million for the same period in 2025.
- Corporate segment revenues were \$100.7 million, a decrease of 15% compared to prior year, 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 decrease of 4% compared to the same period last year. Normalized adjusted EBITDA came in at \$0.9 million, a \$13.3 million decrease year-over-year with margin of 1%, compared to 12% last year. Margins were negatively impacted by softness in system sales, as well as by the employee retention credit recognized in the quarter which accounted for a \$4.6 million increase in expenses year-over-year and corporate store exit costs incurred in 2026 of \$0.4 million.
- Food processing, distribution and retail revenues decreased by 13% to \$41.6 million. The decrease is due to a decrease in retail sales of 22%, partially offset by an increase in food processing and distribution of 12%. Retail revenues decreased due to delays in promotional activities for some of the top products sold. Normalized adjusted EBITDA came in at \$4.5 million compared to \$4.9 million last year.

13-week period ended August 30, 2026						
(In millions \$)	Franchise	Corporate	Processing, distribution and retail	Promotional funds	Intercompany transactions	Total
Revenue	102.4	100.7	41.6	34.4	(1.4)	277.7
Operating expenses	47.9	99.8	37.1	34.4	(1.4)	217.8
Segment profit	54.5	0.9	4.5	—	—	59.9
Segment profit as a % of Revenue ⁽²⁾	53%	1%	11%	N/A	N/A	22%
SAP project implementation costs ⁽³⁾	0.1	—	—	—	—	0.1
Transaction costs related to acquisitions and strategic review ⁽⁴⁾	0.8	—	—	—	—	0.8
Normalized adjusted EBITDA ⁽¹⁾	55.4	0.9	4.5	—	—	60.8
Normalized adjusted EBITDA as a % of Revenue ⁽²⁾	54%	1%	11%	N/A	N/A	22%

Three-month period ended August 31, 2025

	(In millions \$)	Franchise	Corporate	Processing, distribution and retail	Promotional funds	Intercompany transactions	Total
Revenue		100.8	118.5	47.6	33.2	(1.1)	299.0
Operating expenses		46.7	104.3	42.7	33.2	(1.1)	225.8
Segment profit		54.1	14.2	4.9	—	—	73.2
Segment profit as a % of Revenue ⁽²⁾		54%	12%	10%	N/A	N/A	24%
SAP project implementation costs ⁽³⁾		0.8	—	—	—	—	0.8
Normalized adjusted EBITDA ⁽¹⁾		54.9	14.2	4.9	—	—	74.0
Normalized adjusted EBITDA as a % of Revenue ⁽²⁾		54%	12%	10%	N/A	N/A	25%

⁽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.

⁽⁴⁾ Transaction costs related to acquisitions and strategic review are included in the Consulting and professional fees as part of the Operating expenses in the consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

- During the third quarter, cash flows generated by operating activities amounted to \$37.6 million compared to \$39.0 for the same period in 2025. The decrease is mainly attributable to the lower EBITDA generated partially offset by lower taxes and interest paid and a stronger working capital fluctuation. The positive working capital fluctuation is primarily attributable to changes in accounts receivable, driven by improved collections. This was partially offset by timing of payable payments. Excluding the variations in non-cash working capital items, income taxes, interest paid and other, operations generated \$60.1 million, compared to \$73.6 million last year.
- MTY reimbursed 14.0 million of its long-term debt and paid \$8.5 million in dividends to shareholders.
- As at August 30, 2026, MTY had \$70.6 million of cash on hand and long-term debt of \$585.7 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\$246.0 million and US\$243.5 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.

	13-week period ended August 30, 2026	Three-month period ended August 31, 2025	39-week period ended August 30, 2026	Nine-month period ended August 31, 2025
<i>(In thousands \$)</i>				
Cash flows provided by operating activities ⁽²⁾	37,594	39,009	121,526	137,971
Additions to property, plant and equipment	(4,503)	(2,681)	(10,737)	(10,728)
Additions to intangible assets	68	(81)	(414)	(1,797)
Proceeds on disposal of assets held for sale	—	—	838	—
Proceeds on disposal of property, plant and equipment	5,274	486	9,345	1,808
Proceeds on disposal of intangible assets	—	—	41	—
Net lease payments	(9,958)	(10,914)	(30,944)	(34,286)
Free cash flows net of lease payments ⁽¹⁾	28,475	25,819	89,655	92,968

⁽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.

DIVIDEND PAYMENT

On October 9, 2026, MTY declared a quarterly dividend payment of \$0.50 per common share. The dividend will be paid on November 13, 2026 to shareholders registered in the Company's records at the end of the business day on November 3, 2026.

CONFERENCE CALL

The MTY Group will hold a conference call to discuss its results on October 9, 2026, at 8:30 AM Eastern Time. All interested parties can instantly join the call by phone, by following the URL <https://emportal.ink/4A3Xmi9> 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 28098#. 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 28098#.

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 6,966 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 strategic review, 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 and strategic review 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 and strategic review, 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. Forward-looking information in this press release includes, but is not limited to, statements relating to: the Company's intention to restore the normal course issuer bid and to evaluate the potential for a substantial issuer bid; the Company's increased quarterly dividend and future dividend payments; the Company's plans to optimize its portfolio of brands, revert to an asset-light franchising model, and restructure certain functions and offices; and the anticipated benefits and timing of the Company's strategic initiatives. The restoration of the normal course issuer bid and the evaluation of a substantial issuer bid remain subject to applicable regulatory approvals, including approval by the Toronto Stock Exchange, as well as market conditions, and there can be no assurance that either will be implemented, or as to the timing or terms thereof. The implementation of these and the Company's other strategic initiatives, including the anticipated optimization of its portfolio of brands, its transition to an asset-light franchising model, and the restructuring of certain functions and offices, may be disrupted or delayed by a number of factors, and there can be no assurance that the anticipated benefits of these initiatives will be realized within the expected timeframe or at all. When used in this press release, this information may include words such as "anticipate", "estimate", "may", "will", "expect", "believe", "plan", "intend", "seek", "evaluate" 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. Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that the Company considered appropriate and reasonable as of the date of such information, and is subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated. Accordingly, readers should not place undue reliance on forward-looking information. 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 August 30, 2026 are available on the SEDAR+ website at www.sedarplus.ca and on the Company's website at www.mtygroup.com.