

MTY FOOD GROUP INC.
(the "Company")

July 21, 2006

TSXV Trading Symbol: "MTY"

NEWS RELEASE
PROPOSED ACQUISITION OF SUSHI SHOP AND SUSHI SHOP EXPRESS

The Company is pleased to announce that its wholly-owned subsidiary MTY Tiki Ming Enterprises Inc. (the "MTY") has entered into a binding agreement to purchase all of the assets, tradenames, trademarks and franchise systems of Sushi Shop and Sushi Shop Express from Gestion Sushi Shop Inc., Gestion Immobiliere Sushi Shop Inc., 9099-9954 Quebec Inc., 9133-9523 Quebec Inc., 6136125 Canada Inc., and 9123-1894 Quebec Inc. (all referred to as the "Vendors") of Montreal, Quebec, for a total consideration of Seven Million Six Hundred Thousand Dollars (\$7,600,000), Six Million Six Hundred Thousand Dollars (\$6,600,000) is to be paid in cash, and One Million Dollars (\$1,000,000) is to be paid in common shares of the Company at a price of \$5.68 per share (or a total of 176,056 shares). The shares will be subject to escrow restrictions governing their release over a period of 24 months from the closing date, as permitted by regulatory authorities.

There are presently 47 Sushi Shop outlets in Quebec, 42 are franchised Sushi Shop outlets, 4 are corporately owned Sushi Shop outlets and 1 corporately owned Sushi Shop Express outlet which specializes in the retail sale of sushi and related products. System-wide sales were over \$22 million for the last 12 months and are expected to exceed \$27 million for the 12-month period from closing date.

Sushi Shop has enjoyed a growth rate exceeding 100% since August 2003 and is positioned to further growth in both street locations and shopping malls. There are minimum 5 franchised new Sushi Shop outlets in Quebec scheduled to open within the next 90 days.

"This is a great acquisition for MTY, with huge opportunity for further development, and it is my personal goal to continue to stay with MTY to bring Sushi Shop to be one of the most successful brands of MTY" said Dominic Bujold, Founder, President & Chief Executive Officer of the Vendors.

The closing of the acquisition is subject to the completion of certain conditions, and is tentatively scheduled for September 8, 2006. The proposed acquisition does not represent a reverse take-over or change in business of the Company.

MTY is also very pleased to announce, upon closing that Mr. Dominic Bujold, founder and present sole owner of the Sushi Shop chain, will be joining MTY, as Vice President of Sushi Shop, in-charge of Sushi Shop operations, to ensure the achievement of the business plans and objectives of MTY.

This acquisition will complement and expand MTY's existing quick service franchise operations, and bring MTY's restaurant targeted 12 months system-wide sales to over \$187 million, with over 775 outlets in operation.

**On Behalf of the Board of Directors of
MTY Food Group Inc.**

Stanley Ma, Chairman of the Board

For more information please contact Jean-Francois Dube, investor relations at 1-450 226-8475 or by e-mail at jfcinc@cgocable.ca or visit our website: www.mtygroup.com. This news release was prepared by management who takes full responsibility for its contents. The TSX Venture Exchange neither approves nor disapproves the contents of this news release.