



Source: MTY Food Group Inc.

Contacts: Eric Lefebvre, CPA, CA, MBA

Chief Executive Officer
Tel: (514) 336-8885
ir@mtygroup.com

Pierre Boucher, CPA, CMA
Vance Oliver
MaisonBrison Communications
Tel: (514) 731-0000

**PRESS RELEASE
FOR IMMEDIATE PUBLICATION**

MTY REPORTS 2021 FOURTH QUARTER AND ANNUAL RESULTS

- Adjusted EBITDA⁽¹⁾ increased 22% to \$42.8 million in Q4-21 and 22% to a record-high of \$168.6 million in 2021.
- Cash flows from operating activities amounted to \$31.9 million in Q4-21 and \$139.3 million in 2021.
- Free cash flows per diluted share⁽²⁾ totaled \$1.44 in Q4-21 and \$5.62 in 2021.
- Net income attributable to owners reached \$24.9 million in Q4-21, or \$1.00 per diluted share, and \$85.6 million, or \$3.46 per diluted share, in 2021.
- Long-term debt repayments of \$22.7 million in Q4-21 and \$102.2 million in 2021.
- System sales⁽³⁾ reached \$962.5 million in Q4-21, up 8% compared to Q4-20. System sales up 24% in Canada and 12% Internationally, down 1% in the US due to unfavourable impact of foreign exchange variation.
- 164 restaurants were temporarily closed at the beginning of Q4-21 and 82 at the end of the quarter.
- Although temporary closures increased during the first quarter of 2022 due to additional government mandated restrictions, as at February 16, 2022, only 71 locations remained temporarily closed, a decrease of 11 since November 30, 2021.
- 259 locations were closed one or more days during Q4-21, representing approximately 9,500 lost business days.
- Repurchased and cancelled 36,600 shares for a total consideration of \$2.2 million in Q4-21.
- Quarterly dividend payment of \$0.185 per share on November 15, 2021; quarterly dividend increased by 14% on January 18, 2022, to \$0.210 per share.
- Acquisition of Küto Comptoir à Tartares in December 2021.

(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.

Montreal, February 17, 2022 – MTY Food Group Inc. ("MTY", "MTY Group" or the "Company") (TSX: MTY), franchisors and operators of multiple restaurant concepts worldwide, reported today its results for the fourth quarter and fiscal year ended November 30, 2021.

"After nearly two years of navigating through the COVID-19 pandemic, the strength of our brands and sustainability of our business model, combined with the resilience of our franchisees and staff, allowed MTY to deliver robust financial

results and further improve our balance sheet in fiscal 2021,” said Eric Lefebvre, Chief Executive Officer of MTY. “We generated healthy free cash flows and profitability, highlighted by record adjusted EBITDA of \$168.6 million in 2021.”

“Altogether, system sales improved 5% year-over-year, as the entire team responded proactively to pandemic-related challenges along with global supply-chain and labour issues while capitalizing on opportunities such as the increased prevalence of digital sales and marketing. Although we faced significant quarterly variations in the US and Canada, annual system sales growth was relatively similar with increases of 6% and 4%, respectively, reflecting the depth and diversity of our North American network.”

“In the fourth quarter, adjusted EBITDA increased 22% to \$42.8 million, while system sales grew 8% over the same period last year,” Mr. Lefebvre added. “We also reduced our long-term debt, paid out a quarterly dividend and repurchased shares under our NCIB program. Despite the ongoing pandemic and other temporary issues affecting MTY, our long-term growth strategy remains unchanged. We seek to deliver organic growth, based on a market recovery, investments in our network and a strong franchise pipeline, while searching for accretive acquisitions at reasonable valuations.”

Financial Highlights (in thousands of \$, except per share information)	Q4-2021	Q4-2020	2021	2020
Revenue	146,285	127,163	551,903	511,117
Adjusted EBITDA ⁽¹⁾	42,831	35,181	168,622	137,819
Net income (loss) attributable to owners	24,877	20,078	85,639	(37,108)
Cash flows from operations	31,898	44,841	139,299	133,652
Free cash flows ⁽¹⁾	35,603	43,910	139,001	140,652
Free cash flows per diluted share ⁽²⁾	1.44	1.78	5.62	5.68
EPS basic	1.01	0.81	3.47	(1.50)
EPS diluted	1.00	0.81	3.46	(1.50)
System sales ⁽³⁾	962,500	891,400	3,631,300	3,459,100
Digital sales ⁽³⁾	193,700	194,200	803,600	636,400

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FOURTH QUARTER RESULTS

Network:

- At the end of the quarter, MTY’s network had 6,719 locations in operation, of which 93 were corporate, 6,603 were franchises and 23 were joint ventures. The geographical split of MTY’s locations remained relatively stable compared to the fourth quarter of 2020 with 54% in the US, 39% in Canada and 7% Internationally located.
- System sales improved 8% year-over-year to \$962.5 million in the fourth quarter of 2021 mainly due to the impact of government-imposed restrictions during the second wave of the COVID-19 pandemic in the prior year and an increase in customer traffic. Notably, the casual dining concept generated 36% year-over-year sales growth.

- At the end of the period, 82 locations were temporarily closed because of the pandemic. Although temporary closures increased during the first quarter of 2022 due to additional government mandated restrictions, as at February 16, 2022, only 71 locations remained temporarily closed, a decrease of 11 since November 30, 2021.

Financial:

- Cash flows from operations amounted to \$31.9 million in the fourth quarter of 2021 compared to \$44.8 million in the fourth quarter of 2020.
- The Company's revenue grew 15% year-over-year to \$146.3 million in the fourth quarter of 2021 mainly due to a 40% growth in Canadian food processing, distribution and retail revenues, as well as Canadian sales growth in malls and office towers, which outperformed prior year sales with increases of 41% and 58%, respectively while street-front locations delivered sales growth of 21% year-over-year.
- Adjusted EBITDA increased 22% year-over-year to \$42.8 million in the fourth quarter of 2021. Major brands such as Cold Stone, SweetFrog, Baton Rouge, Thai Express and Sushi Shop, to name a few, greatly outperformed the prior year as mall and street locations generated year-over-year growth of 31% and 4%, respectively. The network's overall scalability through cost management also allowed margins to increase to 55% for the franchising division.
- Net income attributable to owners reached \$24.9 million, or \$1.01 per share (\$1.00 per diluted share) in the fourth quarter of 2021 compared to \$20.1 million, or \$0.81 per share (\$0.81 per diluted share), for the same period last year.

FISCAL 2021 RESULTS

Network:

- System sales improved 5% to \$3,631.3 million in 2021. The year-over-year increase was primarily driven by the quick service restaurant concepts, representing 82% of the total year-over-year growth or a 6% increase.
- Digital sales in 2021 amounted to \$803.6 million, or 23% of system sales, from \$636.4 million, or 19% of system sales, in 2020. The ongoing COVID-19 pandemic accelerated consumer shifts to online ordering for delivery and take-out.
- MTY's network opened 218 locations (2020 – 185 locations), closed 489 (2020 – 578 locations) and disposed of 13 (2020 – nil) during the year. The Company also added three locations (2020 – 23 locations) and closed one (2020 – two locations) via an investment in a joint venture during the year.

Financial:

- The Company's revenue increased 8% to \$551.9 million in 2021. The year-over-year revenue growth was mainly due to a 20% increase from food processing, distribution and retail channels in Canada and a 10% growth from the franchising segment in the US and International.
- Adjusted EBITDA grew 22% to a record-high of \$168.6 million in 2021 from \$137.8 million in 2020.
- Net income attributable to owners reached \$85.6 million, or \$3.47 per share (\$3.46 per diluted share) in 2021 compared to a net loss of \$37.1 million, or \$1.50 per share (\$1.50 per diluted share), in 2020.

LIQUIDITY AND CAPITAL RESOURCES

- In fiscal 2021, cash flows generated by operating activities reached \$139.3 million compared to \$133.7 million in 2020. Excluding the variation in non-cash working capital items, income taxes, interest paid and other, operations generated \$170.1 million in cash flows compared to \$141.9 million in 2020.
- MTY reimbursed \$102.2 million of its long-term debt in fiscal 2021 and paid \$9.1 million in dividends to its shareholders in the third and fourth quarters. The dividend payment had previously been suspended since the second quarter of 2020. The Company also repurchased and cancelled 36,600 of its shares for \$2.2 million through its Normal Course Issuer Bid ("NCIB") in fiscal 2021.
- As at November 30, 2021, the Company had \$61.2 million of cash on hand and a long-term debt of \$360.7 million mainly in the form of bank facilities and holdbacks on acquisitions.

NEAR-TERM OUTLOOK

The Company is closely monitoring the global situation surrounding COVID-19 and taking proactive steps to adapt to the changes for the well-being and safety of its employees, franchisees and customers, and the continuity of its operations and businesses. Given the dynamic nature of the situation, it is not possible to ascertain what impact there may be on the Company's long-term financial performance. MTY is taking the necessary steps to mitigate the potential consequences that this situation may have on its operations, franchisees, partners and service to MTY's customers. Please refer to the "Highlights of Significant Events" section of the Company's Management's Discussion and Analysis for the year ended November 30, 2021 ("MD&A") for further details on actions taken in response to COVID-19.

Despite the lingering impacts of the pandemic and the obvious obligations to address the related short-term challenges, management's focus is now shifting back to a longer-term growth perspective. Sales are back to pre-pandemic levels for many of the brands and progressing in the right direction for the others. The restaurant industry will remain challenging in the future, with labour shortages and supply chain disruptions being felt across the network, adding to the existing pressure of competing in a market approaching saturation. Management believes however that the brands' continued focus on innovation, product quality, consistency and store design combined with the adjustments made during the pandemic to adjust to new customer expectations positions the network well for the future.

Before the pandemic, MTY's objectives were to generate organic growth while actively seeking potential accretive acquisitions. Those objectives have not changed and remain at the center of MTY's actions. To the extent possible, MTY's teams are focused on helping franchise partners generate positive same-store sales, open new locations of existing concepts and ultimately achieve their profitability objectives. The individual success of franchisees is the basis for the success of MTY for the years to come. In the wake of COVID-19, MTY has diversified its sources of revenue by expanding into other sales channels, such as: launching multiple ghost kitchens in existing restaurant locations, thus benefitting from the synergies of shared costs, streamlined workflows as well as being able to respond to the increase in delivery and takeout orders; and launching new products in the retail division and expanding into new territories, in response to increased consumer spending in grocery stores that has continued throughout the waves of the pandemic.

Given the Company's capital allocation since the onset of the pandemic and the amount of debt that was repaid since, the Company is financially well positioned to seize acquisition opportunities that are presented to management. However, despite its appetite to make acquisitions and grow its network, the Company will remain disciplined in its search for the right acquisition targets, at the right price and with the right synergies. For further details, please refer to the Company's MD&A.

CONFERENCE CALL

The MTY Group will hold a conference call to discuss these results today at 8:30 AM Eastern Time. Interested parties can join the call by dialing 1-514-400-4402 (Montreal or overseas) or 1-800-399-9540 (elsewhere in North America). Parties unable to call in at this time may access a recording by calling 1-800-770-2030 and entering the

passcode 4629934. This recording will be available today, as of 11:30 AM Eastern Time, until 11:59 PM Eastern Time on Thursday, February 24, 2022.

ABOUT MTY FOOD GROUP INC.

MTY Group franchises and operates quick-service, fast casual and casual dining restaurants under more than 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 40 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 6,719 locations, the many flavours 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 (net income (loss), excluding income tax, all other income (expenses), interest, depreciation and amortization, and net impairment charges), and free cash flows (sum total cash flows from operating activities less capital expenditures net of disposals) are widely accepted financial indicators but are not a measurement determined in accordance with International Financial Reporting Standards and may not be comparable to those presented by other companies. The Company believes that non-GAAP measures, non-GAAP ratios (defined below) and supplemental financial measures (defined below) are useful because they are 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 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 and 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 MD&A.

NON-GAAP RATIOS

Management discloses non-GAAP ratios as they have been identified as relevant metrics to evaluate the performance of the Company. These include free cash flows per diluted share (free cash flows divided by diluted shares).

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) and digital sales (sales made by customers through online ordering platforms).

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. This includes statements regarding the impacts that the novel COVID-19 pandemic may have on the Company's future operations as found in this release. 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.sedar.com.

Note to readers: The MD&A, consolidated financial statements and notes thereto for the fourth quarter and fiscal year ended November 30, 2021, are available on the SEDAR website at www.sedar.com and on the Company's website at www.mtygroup.com.