



Source: MTY Food Group Inc.

Contacts: Eric Lefebvre, CPA, MBA

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

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

**PRESS RELEASE
FOR IMMEDIATE PUBLICATION**

MTY REPORTS THIRD QUARTER 2022 RESULTS AND DECLARES ITS QUARTERLY DIVIDEND

- Normalized adjusted EBITDA⁽¹⁾ of \$50.6 million in the quarter, compared to \$49.7 million in Q3-21.
- Cash flows from operating activities of \$36.8 million in the quarter.
- Free cash flows per diluted share⁽²⁾ reached \$1.45.
- System sales⁽³⁾ reach \$1.1 billion in the quarter and exceed \$4.0 billion in the last twelve months.
- Net income attributable to owners of \$22.4 million in the quarter, or \$0.92 per diluted share, compared to \$24.3 million, or \$0.98 per diluted share, in Q3-21.
- Long-term debt repayments of \$34.2 million for the quarter.
- Quarterly dividend payment of \$0.21 per share on November 15, 2022.
- Acquisition of BBQ Holdings, Inc. ("BBQ Holdings") on September 27, 2022, for a total cash consideration of \$284.2 million (US\$207.1 million).

(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, October 7, 2022 – 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 the third quarter ended August 31, 2022 and declares its quarterly dividend of 21.0¢ per share, payable on November 15, 2022 to shareholders registered in the Company's records at the end of the business day on November 2, 2022. MTY is also announcing that with the acquisition of BBQ Holdings, it has recently named Jeff Crivello, Albert Hank and Adam Lehr as Chief Operating Officers for the BBQ Holdings brands supporting its operations.

"MTY continued to perform extremely well with record normalized adjusted EBITDA of \$50.6 million and peak system sales of \$1.1 billion in the third quarter of fiscal 2022 despite an ongoing challenging environment," stated Eric Lefebvre, Chief Executive Officer of MTY. "We are very pleased with the post-pandemic recovery of our casual dining brands, which are now operating at full capacity, as well as with the progression of the locations that were the most affected by the pandemic. We are also pleased with the ability of the concepts that performed well during the pandemic to capitalize on the momentum created during the pandemic to continue their growth. The efforts deployed by our teams and our franchisees are generating the results we anticipated."

"We are equally excited about recently acquiring BBQ Holdings, a franchisor and operator of more than 300 casual and fast casual dining restaurants in the US, Canada and the United Arab Emirates. The seasoned management team at BBQ Holdings, owners of flagship brands like Famous Dave's, Village Inn, Barrio Queen and Granite City, are highly proficient in operating corporate-owned restaurants with roughly one-third of their locations under that business model.

This latest acquisition will complement our primary expertise in running franchise-operated restaurants and expand our overall footprint to approximately 6,900 locations and pro-forma system sales of close to \$5 billion,” Mr. Lefebvre added.

Financial Highlights (in thousands of \$, except per share information)	Q3-2022	Q3-2021	9 Months 2022	9 Months 2021
Revenue	171,540	150,801	474,552	405,618
Adjusted EBITDA ⁽¹⁾	48,920	49,673	132,206	125,791
Normalized Adjusted EBITDA ⁽¹⁾	50,592	49,673	133,878	125,791
Net income attributable to owners	22,435	24,337	67,691	60,762
Cash flows from operations	36,838	46,553	107,273	107,401
Free cash flows ⁽¹⁾	35,464	45,601	98,417	103,398
Free cash flows per diluted share ⁽²⁾	1.45	1.84	4.02	4.18
Net income per share, basic	0.92	0.99	2.77	2.46
Net income per share, diluted	0.92	0.98	2.77	2.46
System sales ⁽³⁾	1,104,700	1,016,200	3,044,700	2,668,800
Digital sales ⁽³⁾	194,100	185,500	611,800	604,100

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THIRD QUARTER RESULTS

Network

- At the end of the quarter, MTY’s network had 6,606 locations in operation, of which 6,516 were franchised and 90 were corporate. The geographical breakdown of MTY’s locations remained stable compared to the third quarter of 2021 with 54% in the US, 39% in Canada and 7% International.
- System sales increased 9% year-over-year to \$1.1 billion mainly due to the momentum in the recovery from the COVID-19 pandemic. Canada contributed to most of the increase in the third quarter of 2022 with a 16% growth based on the gradual return to the office for many customers post-pandemic and the resumption of travel. US system sales rose 3% year-over-year, while International system sales improved 17%. Globally, the casual dining concepts contributed \$22.5 million to overall growth in the quarter, an increase of 13% year-over-year.

Financial

- Company revenue improved 14% year-over-year to \$171.5 million in the third quarter of 2022 mainly due to a 41% increase in food processing, distribution and retail revenue north of the border as well as a 15% increase in revenue from franchise locations in Canada. Altogether, revenue in Canada grew 28% in the third quarter of 2022, while revenue in the US and International segment declined 1%.
- Normalized adjusted EBITDA, which excludes \$1.7 million in acquisition-related expenses, improved 2% year-over-year to \$50.6 million in the third quarter of 2022. Major brands such as Cold Stone Creamery, Thai Express, Manchu Wok, SweetFrog, Allô! Mon Coco, Ben & Florentine and Scores greatly outperformed last year’s results.

- Net income attributable to owners reached \$22.4 million, or \$0.92 per share (\$0.92 per diluted share) in the third quarter of 2022 compared to \$24.3 million, or \$0.99 per share (\$0.98 per diluted share), in the same period last year.

LIQUIDITY AND CAPITAL RESOURCES

- Cash flows generated by operating activities totaled \$36.8 million in the third quarter of 2022 compared to \$46.6 million in the same period last year.
- MTY reimbursed \$34.2 million of its long-term debt and paid \$5.1 million in dividends to its shareholders in the third quarter of 2022.
- As at August 31, 2022, the Company had \$55.3 million of cash on hand and long-term debt of \$315.3 million, mainly in the form of bank facilities and promissory notes on acquisition.

NEAR-TERM OUTLOOK

The actions taken by MTY to strengthen the Company and its network during the COVID-19 pandemic have allowed MTY to be in a good position to tackle future challenges the industry will face. Although the impacts of the pandemic have for the most part receded, the restaurant industry will remain extremely competitive in the future.

At the date of this report, MTY and its franchisees are still facing significant supply chain challenges, which come from inflation and from disruptions and shortages in the supply of certain products. This comes in addition to rising interest rates and increased construction costs. While some aspects of the business seem to be finding some form of normality, there remains some uncertainty as to what the new baseline is going to be once this period of high volatility fades away.

The Company's franchisees and suppliers also face significant labour shortages that, in certain cases, affect their ability to conduct business optimally. These labour shortages, combined with increases in minimum wage rates in many jurisdictions in which the network operates, are expected to lead to increased overtime and labour costs, as well as to an inability to generate 100% of the potential sales of some of the restaurants.

Despite the above-mentioned challenges, sales are for the most part back to pre-pandemic levels or better, and for the locations that are lagging because of geography or type of restaurants, trends are encouraging. With the brands' focus on innovation, product quality, consistency and superior store design combined with the adjustments made during the pandemic to adapt to new customer expectations, management believes the network is positioned well to thrive in the future, even if a recession were to happen.

In the short term, management's primary focus will continue to be the success of existing locations. More specifically, the teams will assist franchisees to generate sales growth, open new locations of existing concepts and ultimately achieve their profitability objectives. Management will also focus on the integration of the recently acquired brands.

Management will maintain its focus on maximizing shareholder value by adding new locations of some of its existing concepts and remains committed to seek potential acquisitions to increase the Company's market share.

CONFERENCE CALL

The MTY Group will hold a conference call to discuss its results on October 7, 2022, at 8:30 AM Eastern Time. Interested parties can join the call by dialing 1-416-764-8658 (Toronto or overseas) or 1-888-886-7786 (elsewhere in North America). Parties unable to call in at this time may access a recording by calling 1- 877-674-7070 and entering

the passcode 557921. This recording will be available on Friday, October 7, 2022, as of 11:30 AM Eastern Time until 11:59 PM Eastern Time on Friday, October 14, 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 6,606 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 (revenue less operating expenses plus share of net profit (loss) of a joint venture accounted for using the equity method), normalized adjusted EBITDA (revenue less operating expenses (excluding transaction costs related to acquisitions) plus share of net profit (loss) of a joint venture accounted for using the equity method) and free cash flows (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) 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 Management's Discussion and Analysis of the financial position and financial performance ("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) and normalized adjusted EBITDA per diluted share (normalized adjusted EBITDA 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, the condensed interim consolidated financial statements and notes thereto for the three and nine months ended August 31, 2022, are available on the SEDAR website at www.sedar.com and on the Company's website at www.mtygroup.com.