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# VALUE CREATION THROUGH JULY 17, 2023 SUSTAINABLE GROWTH

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INVESTOR  
PRESENTATION

# FORWARD-LOOKING STATEMENTS

This presentation may contain written and oral statements that constitute forward-looking statements. These forward-looking statements may involve, but are not limited to, comments with respect to our business or financial objectives, our strategies or future actions, our targets, expectations for our financial condition or our outlook for our operations and future earn-out and additional equity interest obligations.

Forward-looking statements are not guarantees of future results, performance, achievements or developments and actual results, performance, achievements or developments may differ materially from those in the forward-looking statements as a result of various factors, including downturns in general economic conditions, consolidation and globalisation of the industry, the highly competitive nature of the quick service restaurant industry, the greater resources available to much larger global players, low entry barriers for new competitors, our ability to successfully integrate our acquired and to-be-acquired businesses and the retention of key management personnel. Assumptions relating to the foregoing involve judgments and risks, all of which are difficult or impossible to predict accurately and many of which are beyond our control.

Although we believe that the expectations reflected in the forward-looking statements are reasonable based on information currently available to us, we cannot assure that the expectations will prove to have been correct. Accordingly you should not place undue reliance on forward-looking statements. In particular, forward-looking statements do not reflect the potential impact of any merger or acquisitions or other business combinations or divestitures that may be announced or completed after such statements are made. Reference should be made to the most recent annual Management's Discussion and Analysis ("MD&A") for an in-depth description of major risk factors.

# Non-GAAP Measures, Non-GAAP Ratios and Supplementary Financial Measures

Unless otherwise indicated, the financial information presented below, including tabular amounts, is expressed in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS"). MTY uses non-GAAP ("generally accepted accounting principles") measures, non-GAAP ratios and supplementary financial measures as described below.

The Company believes that non-GAAP measures, non-GAAP ratios and supplemental financial measures 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. These measures are widely accepted financial indicators but are not a measurement determined in accordance with GAAP and may not be comparable to those presented by other companies. These indicators are intended to provide additional information about the performance of MTY, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Management believes that certain investors and analysts use some of these indicators to measure a company's ability to meet payment obligations or as a common measurement to value companies in the industry.

This presentation should be read in conjunction with the Company's financial statements and the notes thereto and the MD&A.

## NON-GAAP MEASURES

**Adjusted EBITDA** – Represents revenue less operating expenses plus share of net profit (loss) of a joint venture accounted for using the equity method

**Normalized adjusted EBITDA** – Represents 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

**Free cash flows** – Represents the 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.

## NON-GAAP RATIOS

**Free cash flows per diluted share** – Represents free cash flows divided by diluted shares

**Normalized adjusted EBITDA as a % of revenue** – Represents normalized adjusted EBITDA divided by revenue

**Normalized adjusted EBITDA per share** – Represents normalized adjusted EBITDA divided by shares outstanding

**Debt-to-normalized adjusted EBITDA** – Defined as current and long-term debt divided by Normalized adjusted EBITDA

## SUPPLEMENTARY FINANCIAL MEASURES

**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

# Adoption of IFRS 16, Leases

Effective December 1, 2019, the Company implemented IFRS 16, Leases, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. Please refer to the section Changes in accounting policies in the 2020 fiscal year MD&A for further details.

# AGENDA



INVESTMENT  
THESIS



OVERVIEW OF  
MTY GROUP



MARKET  
OVERVIEW



STRATEGY AND  
FUTURE GROWTH



FINANCIAL  
TRENDS



Q2-2023  
RESULTS



## INVESTMENT THESIS

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- Proven consolidator with disciplined acquisition strategy
- Track record of growth
- Strong cash flow generation ability
- Recurring revenue streams in the franchising segment
- Diversified portfolio of approximately 90 brands
- Knowledgeable and committed team
- Well positioned for more acquisitions





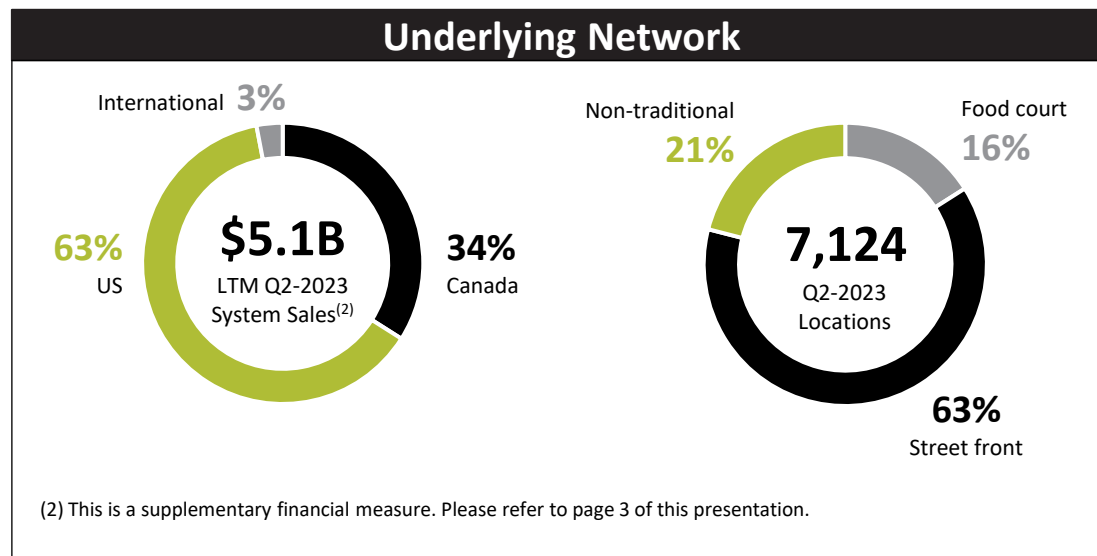
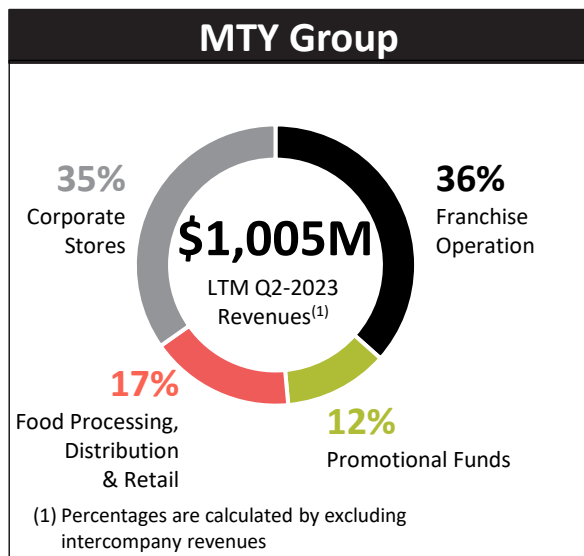
## OVERVIEW OF MTY GROUP

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# MTY GROUP AT A GLANCE

Franchises and operates quick-service, fast-casual and casual dining restaurants ≈ 90 brands



Ticker

**MTY**

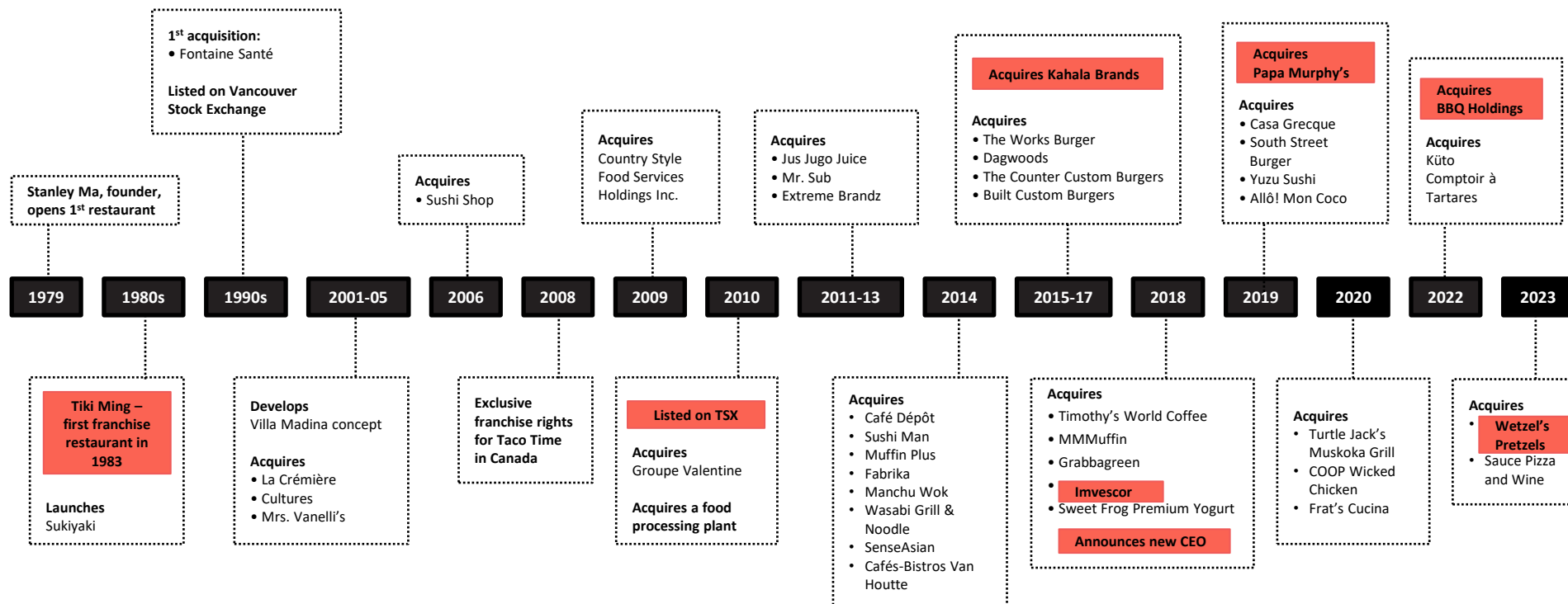
Market Cap.

**\$1.6B**

Brands

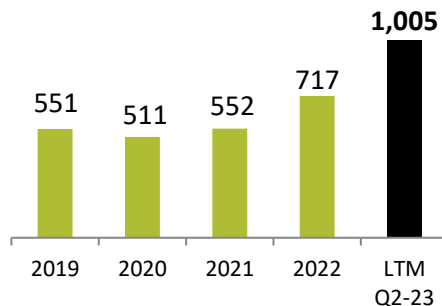
**≈90**

# MILESTONES IN ~40-YEAR HISTORY

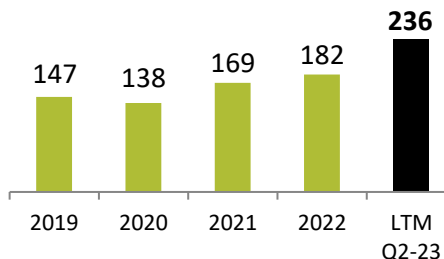


# TRACK RECORD OF GROWTH<sup>(1&2)</sup>

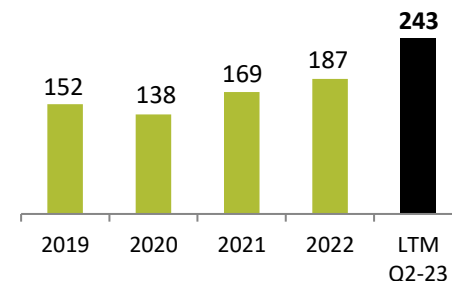
**Revenues (M\$)**



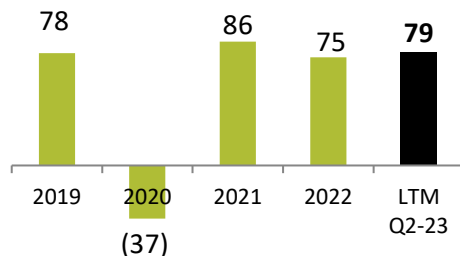
**Adjusted EBITDA<sup>(3)</sup> (M\$)**



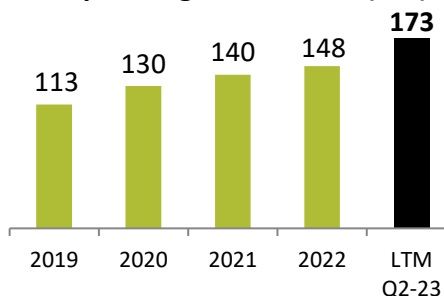
**Normalized Adjusted EBITDA<sup>(3)</sup>**



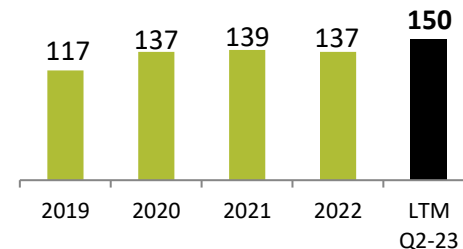
**Net Income (loss) (M\$)**



**Operating Cash Flow<sup>(4)</sup> (M\$)**



**FCF<sup>(3&4)</sup> (M\$)**



(1) 2019 figures have been restated to reflect the adoption of IFRS 15, Revenue from contracts with Customers.

(2) 2019 figures have not been restated for IFRS 16.

(3) This is a non-GAAP measure. Please refer to page 3 of this presentation.

(4) 2019-2022 amounts have been restated to reflect a reclassification between cash flows provided by operating activities and the effect of foreign exchange rate changes on cash.

# INTERNATIONAL NETWORK IN 40 COUNTRIES

**7,124 locations and \$5.1B in System Sales <sup>(1)</sup> for LTM Q2-2023**



## Canada

2,531

\$1,767M

## US

4,114

\$3,230M



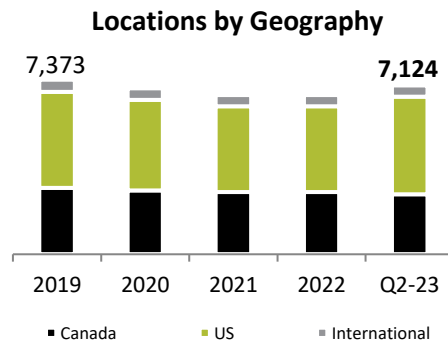
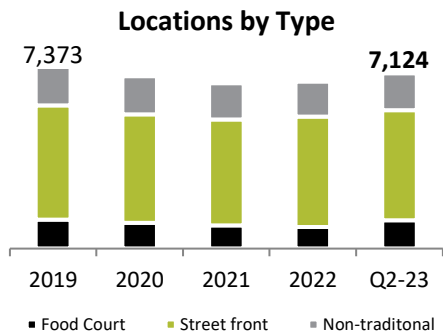
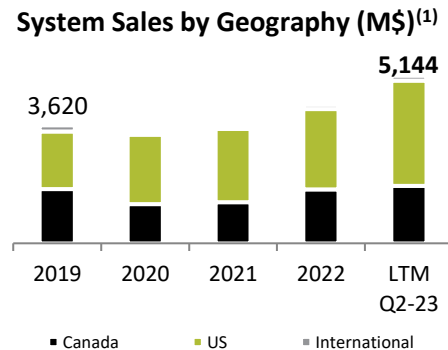
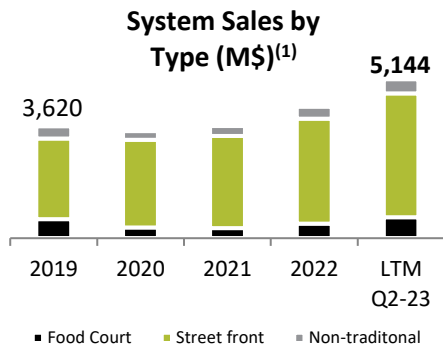
## International

479

\$147M

(1) This is a supplementary financial measure. Please refer to page 3 of this presentation.

# NETWORK EVOLUTION



(1) This is a supplementary financial measure. Please refer to page 3 of this presentation.

# GROWING BY ACQUISITIONS

## MTY has realized over 50 acquisitions since 1999

### 1999-2005

- Fontaine Santé/Veggirama
- La Crémère
- Croissant Plus
- Cultures
- Thai Express
- Mrs. Vanelli's
- TCBY – Canadian master franchise right

### 2006-2010

- Yogen Früz – Canadian master franchise right
- Sushi Shop
- Koya Japan
- Sushi Shop – existing franchise locations
- Tutti Frutti
- Taco Time – Canadian master franchise rights
- Country Style Food Services Holdings Inc.
- Groupe Valentine inc.

### 2011-2015

- Jugo Juice
- Mr. Sub
- Koryo Korean BBQ
- Mr. Souvlaki
- SushiGo
- Extreme Pita
- PurBlendz
- Mucho Burrito
- ThaiZone
- Madisons
- Café Dépôt
- Muffin Plus
- Sushi-Man
- Fabrika
- Van Houtte Café Bistros – perpetual franchising license
- Manchu Wok
- Wasabi Grill & Noodle
- Sense Asian
- Big Smoke Burger

### 2016

#### Kahala Brands Ltd

Cold Stone Creamery, Blimpie, Taco Time, Surf City Squeeze, The Great Steak & Potato Company, NrGize Lifestyle Café, Samurai Sam's Teriyaki Grill, Frullati Café & Bakery, Rollerz, Johnnie's New York Pizzeria, Ranch One, America's Taco Shop, Cereality, Tasti D-Lite, Planet Smoothie, Maui Wowi and Pinkberry

#### BF Acquisition Holdings, LLC

- Baja Fresh Mexican Grill
- La Salsa Fresh Mexican Grill
- La Diperie

### 2017

- Steak Frites St-Paul
- Giorgio Ristorante
- The Works Gourmet Burger Bistro
- Houston Avenue Bar & Grill
- Industria Pizzeria & Bar
- Dagwoods Sandwiches and Salads
- The Counter Custom Burgers
- Built Custom Burgers

### 2018

#### Invescor Restaurant Group

- Baton Rouge, Pizza Delight, Scores, Toujours Mikes and Ben & Florentine
- Grabbagreen
  - Timothy's World Coffee
  - Mmmuffins

### 2019

#### Papa Murphy's

- Casa Grecque
- South Street Burger
- Yuzu Sushi
- Allô! Mon Coco

### 2020

- Turtle Jack's Muskoka Grill
- COOP Wicked Chicken
- Frat's Cucina

### 2022

- Kûto Comptoir à Tartares

#### BBQ Holdings

### 2023

#### Wetzel's Pretzels

- Sauce Pizza and Wine



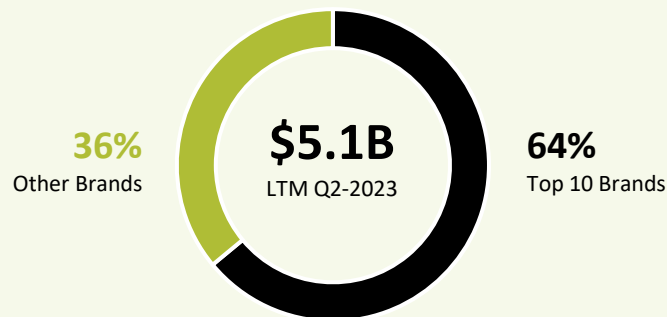
# DIVERSIFIED PORTFOLIO OF APPROXIMATELY 90 BRANDS

## Protects MTY from shifts in customer preferences

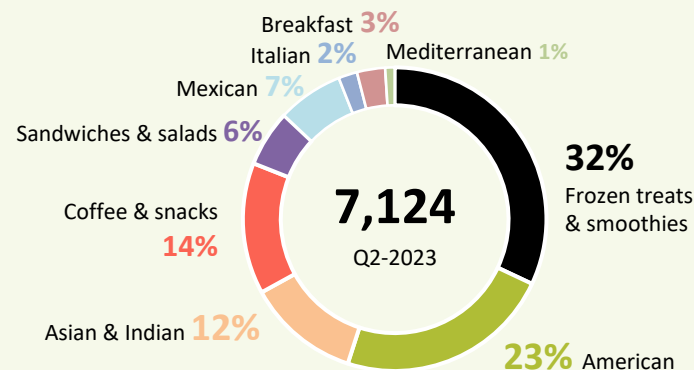


# STRONG BRANDS MAKE UP A LARGE PART OF PORTFOLIO

## Top 10 brands represent 64% of system sales<sup>(1)</sup>



## Frozen treats & smoothies represent 32% of locations



(1) This is a supplementary financial measure. Please refer to page 3 of this presentation.

# STOCK PRICE PERFORMANCE SINCE LISTED ON TSX

**As at July 11, 2023, management and the Board own 18% of shares**



Source: Yahoo Finance. Transactions on the TSX only.

# KNOWLEDGEABLE AND COMMITTED MANAGEMENT TEAM



**Eric Lefebvre**  
Chief Executive Officer



**Renée St-Onge**  
Chief Financial Officer



**Jason Brading**  
COO Quick Service  
Restaurants



**Nick Rupp**  
COO Papa Murphy's  
International



**Marie-Line Beauchamp**  
COO Casual Dining  
Restaurants



**Marc Benzacar**  
COO Fast Casual  
Restaurants



**Jeff Smit**  
COO US Market



**Al Hank**  
Co-COO BBQ Holdings



**Vincent Montanelli**  
COO Wetzel's Pretzels



**Adam Lehr**  
Co-COO BBQ Holdings



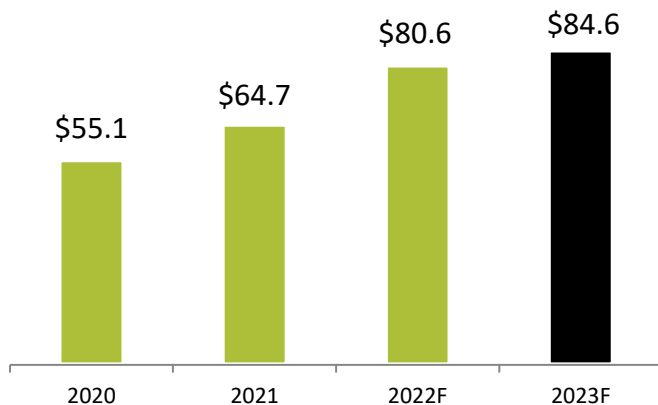
## MARKET OVERVIEW

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## MTY has less than 1% market share in North America

### Commercial Food service Sales in Canada

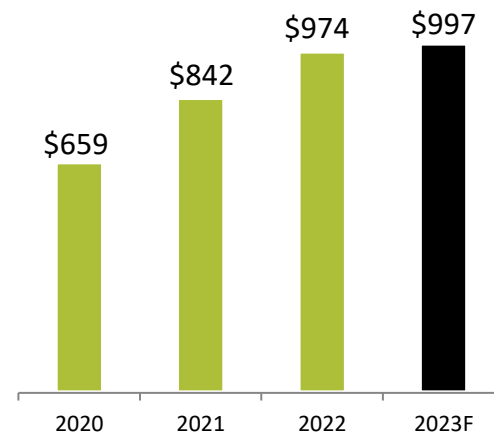
(in billions of CAD \$)



Source: Restaurants Canada, Foodservice Facts, 2022

### Restaurant Industry Sales in the US

(in billions of US \$)



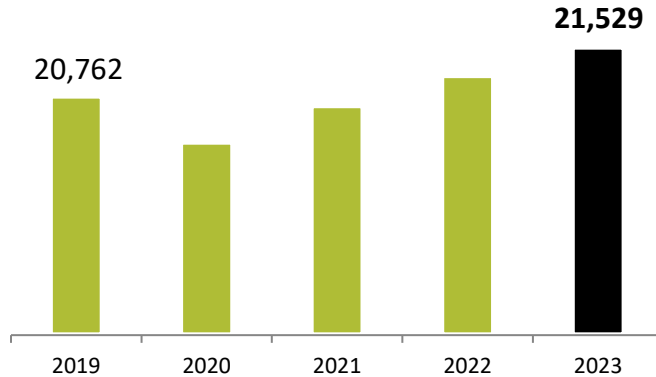
Source: 2020 <https://www.forbes.com/sites/aliciakelso/2021/01/26/the-us-restaurant-industry-finished-the-year-240-billion-below-pre-pandemic-sales-estimates/?sh=19a56ee44ebf>  
Sources: 2021-2022 <https://restaurant.org/research-and-media/research/economists-notebook/economic-indicators/total-restaurant-industry-sales/>  
2023F <https://restaurant.org/research-and-media/media/press-releases/2023-national-restaurant-association-state-of-the-industry-report-a-new-normal>



# MARKET SIZE BY NUMBER OF RESTAURANTS

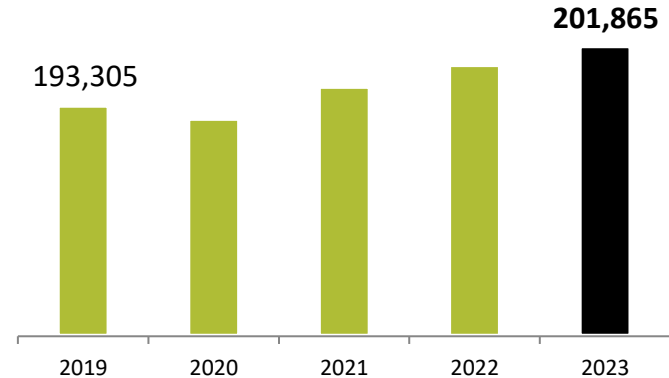
## Number of restaurants constantly growing

Fast Food Restaurant Businesses (Canada)



Source: IBISWorld: <https://www.ibisworld.com/canada/number-of-businesses/fast-food-restaurants/1980/>

Fast Food Restaurant Businesses (US)

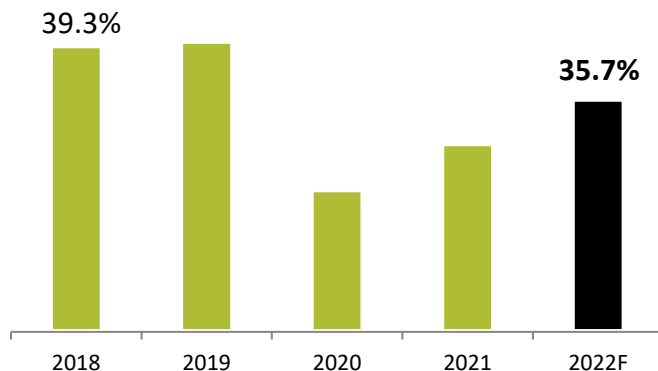


Source: IBISWorld: <https://www.ibisworld.com/industry-statistics/number-of-businesses/fast-food-restaurants-united-states/>

# MARKET SIZE BY FOOD DOLLARS SPENT IN RESTAURANTS

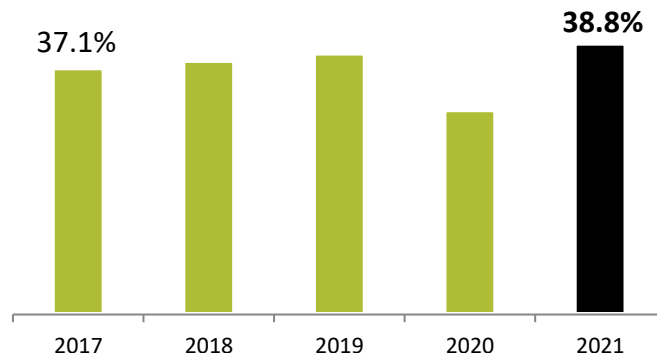
**Proportion of food dollars spent in restaurants on the rise in Canada  
but still below that of the US**

**% Spent of food \$ (Canada)**



Source: Restaurants Canada 2022 Foodservice Facts, Foodservice Share of the Total Food Dollar, 2018-2022

**% Spent of food \$ (US)**



Source: US Department of Agriculture, Food Expenditure Series, Food expenditures by outlet: <https://www.ers.usda.gov/data-products/food-expenditure-series/interactive-charts-food-expenditures/>

# HIGHLY COMPETITIVE INDUSTRY WITH LOW BARRIERS TO ENTRY

MTY competes with a variety of players in each of its local markets



## Competitive Factors

- Quality, variety and value perception of food products offered
- Quality of service
- Number of banners
- Restaurant location (proximity)
- Quality and speed of service
- Attractiveness of facilities
- Convenience (online ordering, delivery, etc.)
- Effectiveness of marketing
- New product development

# MTY KEY SUCCESS FACTORS

## MTY effectively responds to consumer needs



GROUPE  
**MTY**  
GROUP

### MTY Competitive Advantages

- Preparation often in front of customers enhances perception of freshness and quality
- Approximately 90 banners, often with multiple banners in one given location to capture customers' food dollars
- Decentralized approach to innovation provides a wide array of novelties
- Affordable meals usually around \$20
- Online ordering technology-driven consumers
- Dedicated team to develop and promote retail and production operations across Canada and US



## STRATEGY & FUTURE GROWTH

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# GROWTH STRATEGY – INCREASING MARKET SHARE

## LEVERAGING

our solid platforms to expand throughout North America

## FOCUSING

on high quality of revenues that are recurring in nature

## IMPROVING

MTY's digital presence via new applications, online functionalities and integration of our gift card and loyalty platforms



## DEVELOPPING

our Canadian brands in the US

## SEEKING

international Master franchise opportunities

## UPGRADING

the image of our concepts and innovating with new menu offerings



# GROWTH STRATEGY – ACQUISITIONS



## REINFORCING

Canadian platform by regions

## LEVERAGING

our US platform to integrate acquisitions

## PROVIDING

additional depth and breadth in offering

## PAYING FAIR PRICE

for good quality earning potential

## ACCESSING

a wide range of target sizes and concept maturity

## TRANSACTIONS

immediately accretive from an adjusted EBITDA<sup>(1)</sup> standpoint

(1) This is a non-GAAP measure. Please refer to page 3 of this presentation.



Strong reputation for  
paying a 'fair' price



Experienced  
integration team



Vendor's awareness  
of MTY's appetite



Increased capabilities given  
increased size of the  
organization

# KEY ACQUISITION – BBQ HOLDINGS



**RESTAURANT TYPE:** Casual and fast-casual dining

**FLAGSHIP BANNERS:** Barrio Queen, Famous Dave's, Granite City, and Village Inn

**GEOGRAPHIC REACH:** Located across 37 states in the U.S., Canada and United Arab Emirates

**NUMBER OF LOCATIONS:** 198 franchised restaurants and 103 corporate-owned for a total of 301

**TERMS OF THE DEAL:** Total consideration of \$264.4 million

**CLOSING DATE:** September 27, 2022

**ACQUISITION OUTLOOK:** Expected to be immediately accretive to MTY's free cash flow per share

- More than 300 casual and fast-casual dining restaurants
- Enhances US portfolio with addition of ten unique concepts
- Strong network of franchise partners and well-run corporate restaurants
- Highly proficient in running corporate-owned locations (1/3 under that business model)
- Best-in-class management team



# KEY ACQUISITION – WETZEL'S PRETZELS



- More than 360 quick-service restaurants
- Enables MTY to enter snack category
- Adds another iconic brand to US portfolio
- Steady customer traffic and efficiently run operations
- Delivered strong results for MTY during holiday season in December

**RESTAURANT TYPE:**

Quick service restaurant in snack category

**FLAGSHIP BANNERS:**

Wetzel's Pretzels and Twisted by Wetzel's

**GEOGRAPHIC REACH:**

Located across 25 states in the U.S., as well as in Canada and Panama

**NUMBER OF LOCATIONS:**

328 franchised restaurants and 38 corporate-owned for a total of 366

**TERMS OF THE DEAL:**

Cash consideration of approximately \$284.7 million

**CLOSING DATE:**

December 8, 2022

**ACQUISITION OUTLOOK:**

Expected to be immediately accretive to MTY's earnings, EBITDA and free cash flow per share



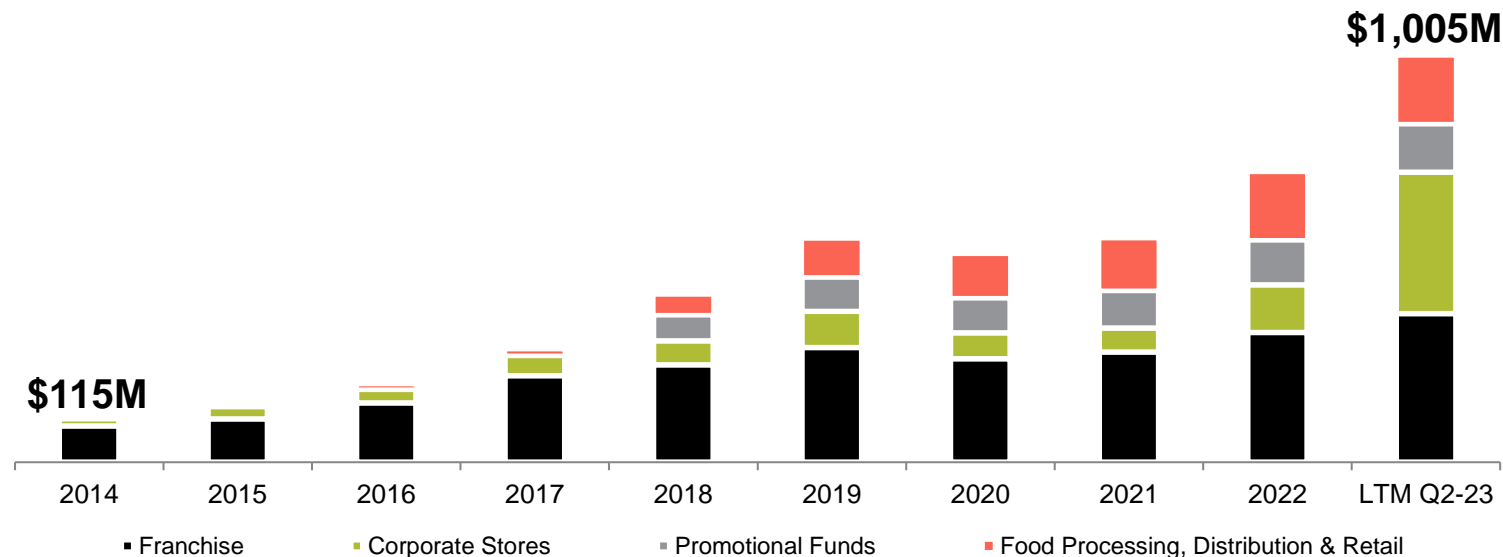


## **FINANCIAL TRENDS**



# DIVERSIFYING PRODUCT MIX

**Consistent growth in revenue in our core franchising operations.  
Corporate segment expanding footprint via recent acquisitions.**



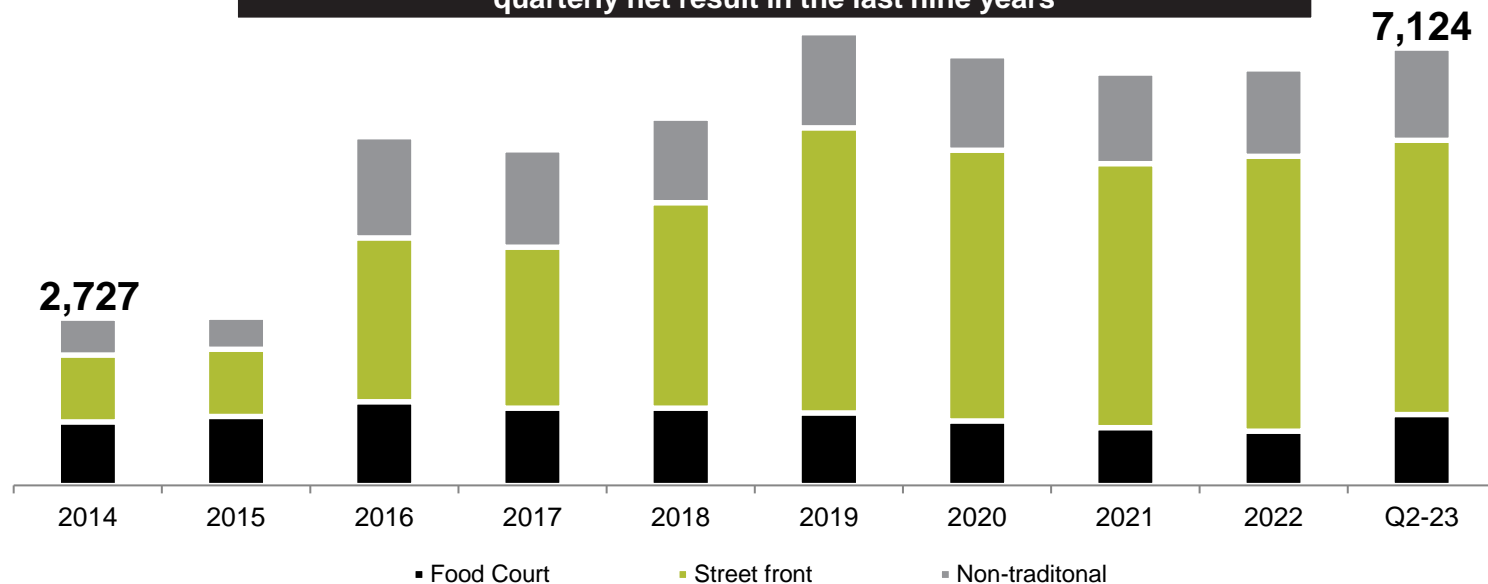
Note: Total revenues include interco.

\* 2018 & 2019 figures have been restated to reflect the adoption of IFRS 15.

# GROWING STREET FRONT & NON-TRADITIONAL LOCATIONS

Malls & office towers not prone to grow, reflecting shopping center limited growth

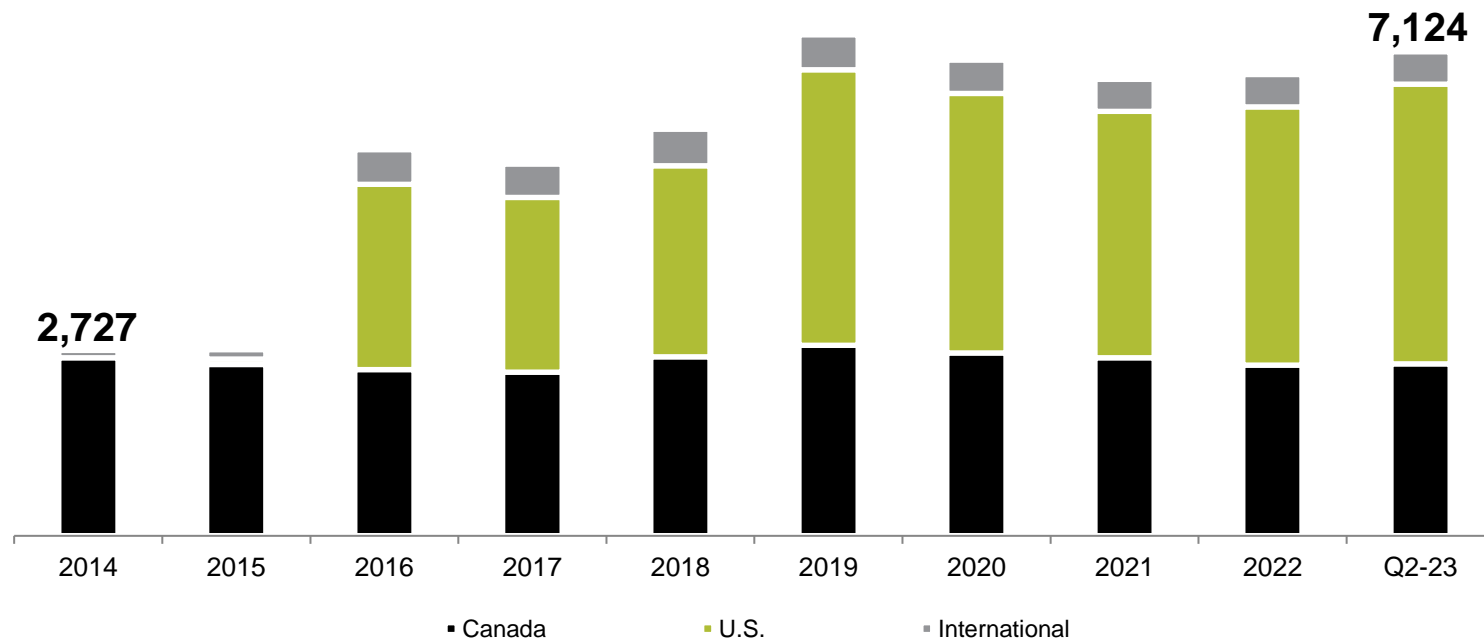
In Q2-2023, with a net 4 restaurants closed, it represented the best quarterly net result in the last nine years





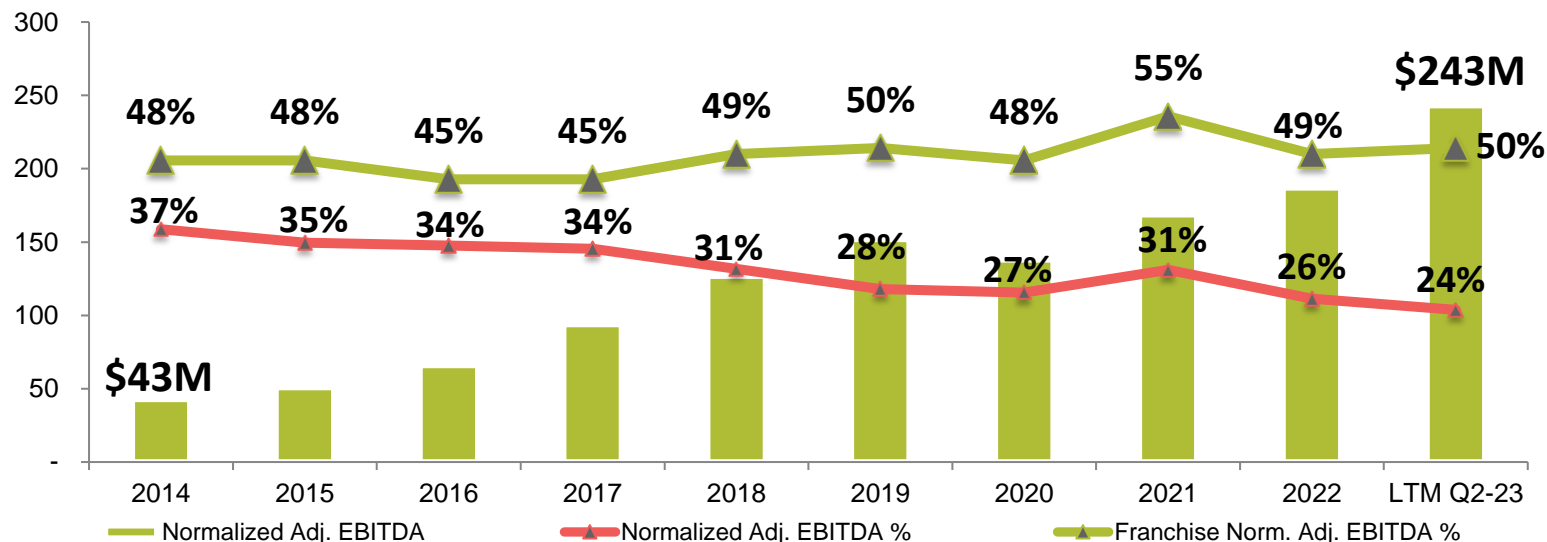
# CONTINUING TO PENETRATE THE US MARKET

Close to 60% of our locations are in the US



# GROWING NORMALIZED ADJUSTED EBITDA<sup>(1)</sup> CONSISTENTLY

Normalized Adjusted EBITDA as a % of Revenues<sup>(2)</sup> is primarily driven by the franchising segment



(1) This is a non-GAAP measure. Please refer to page 3 of this presentation.

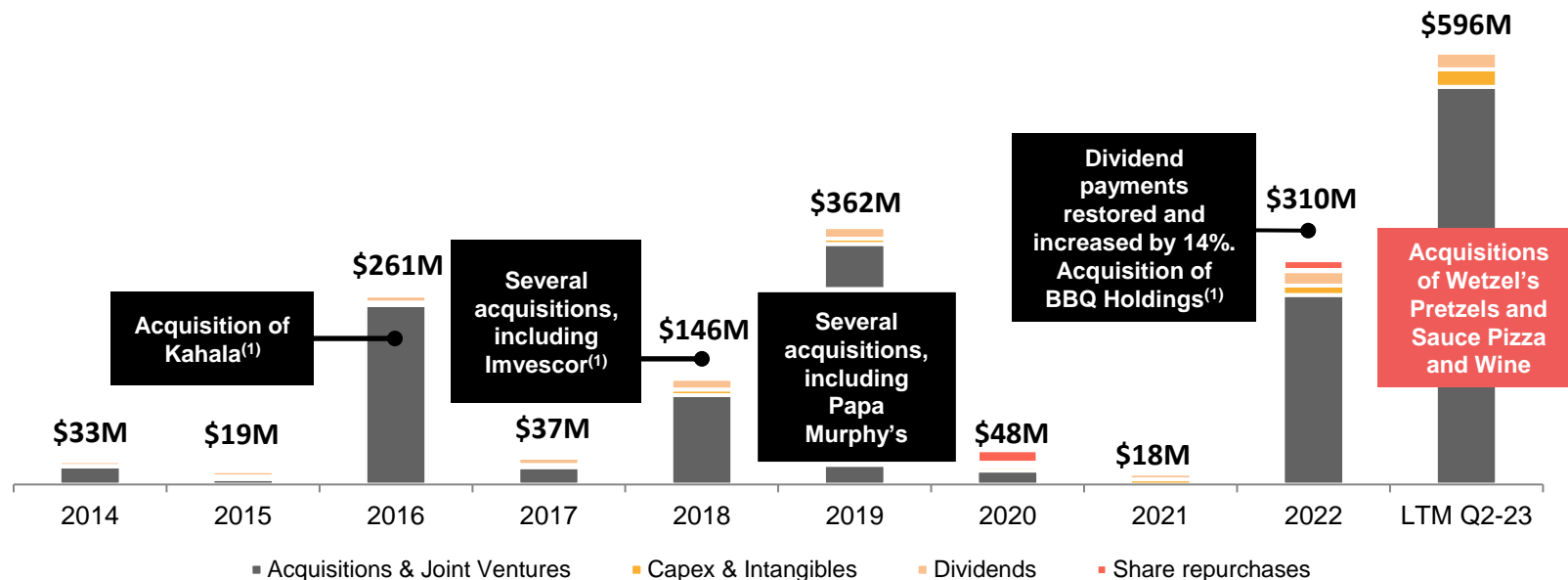
(2) This is a non-GAAP ratio. Please refer to page 3 of this presentation.

- Note: 2018 & 2019 figures have been restated to reflect the adoption of IFRS 15.

- Note: 2012-2019 figures have not been restated for IFRS 16.

# DEPLOYING CAPITAL MAINLY FOR ACQUISITIONS

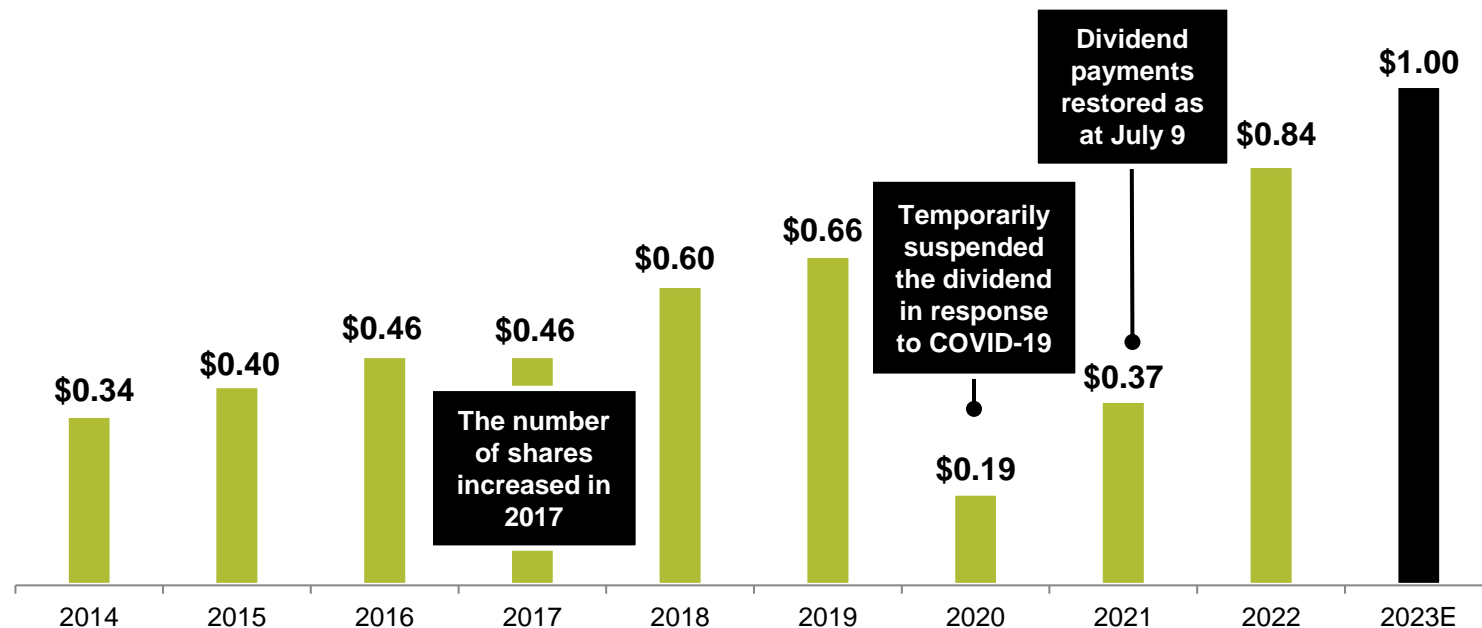
Not a capital intensive business



(1) Net cash outflow only.

# INCREASING DIVIDENDS CONSISTENTLY

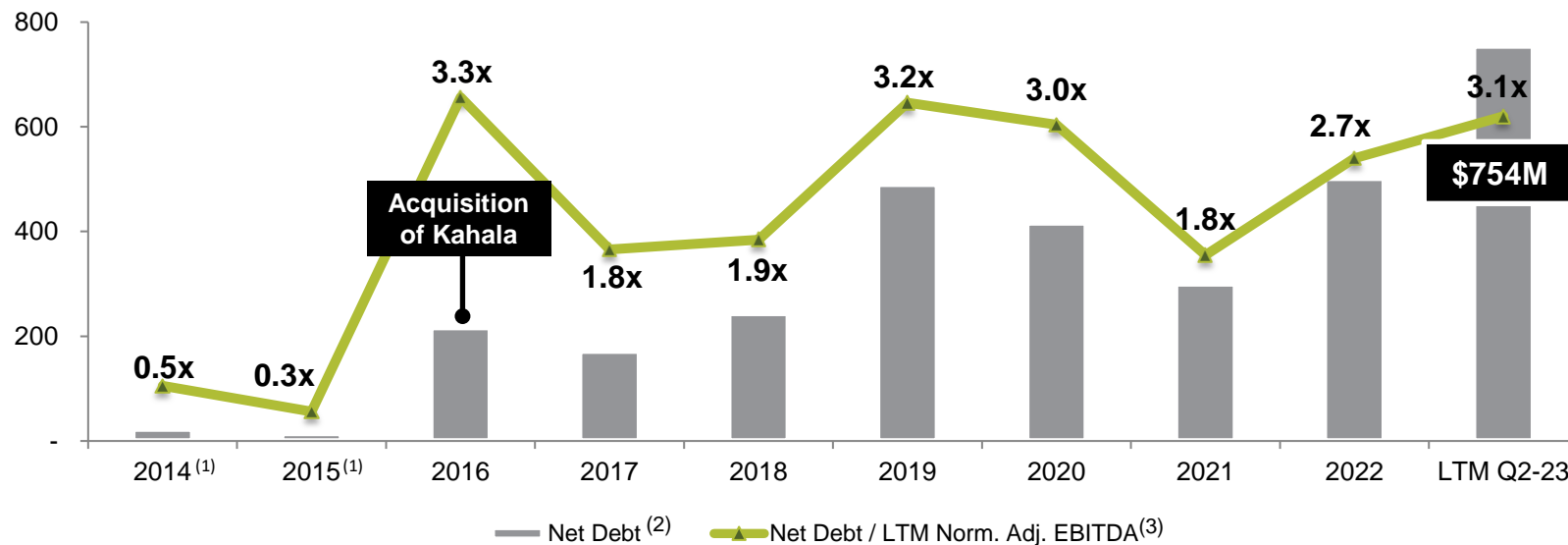
Dividend typically represents 15-20% of FCF<sup>(1)</sup>



(1) FCF is a non-GAAP financial measure. Please refer to page 3 of this presentation.

# OPTIMIZING FINANCING STRUCTURE

## Maintaining a solid balance sheet



(1) On a total debt basis.

(2) Net debt represents total long-term debt net of cash

(3) This is a non-GAAP measure. Please refer to page 3 of this presentation

\* 2018 & 2019 figures have been restated to reflect the adoption of IFRS 15







## **Q2-2023 RESULTS**

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# TYPICAL SEASONALITY OF MTY RESULTS

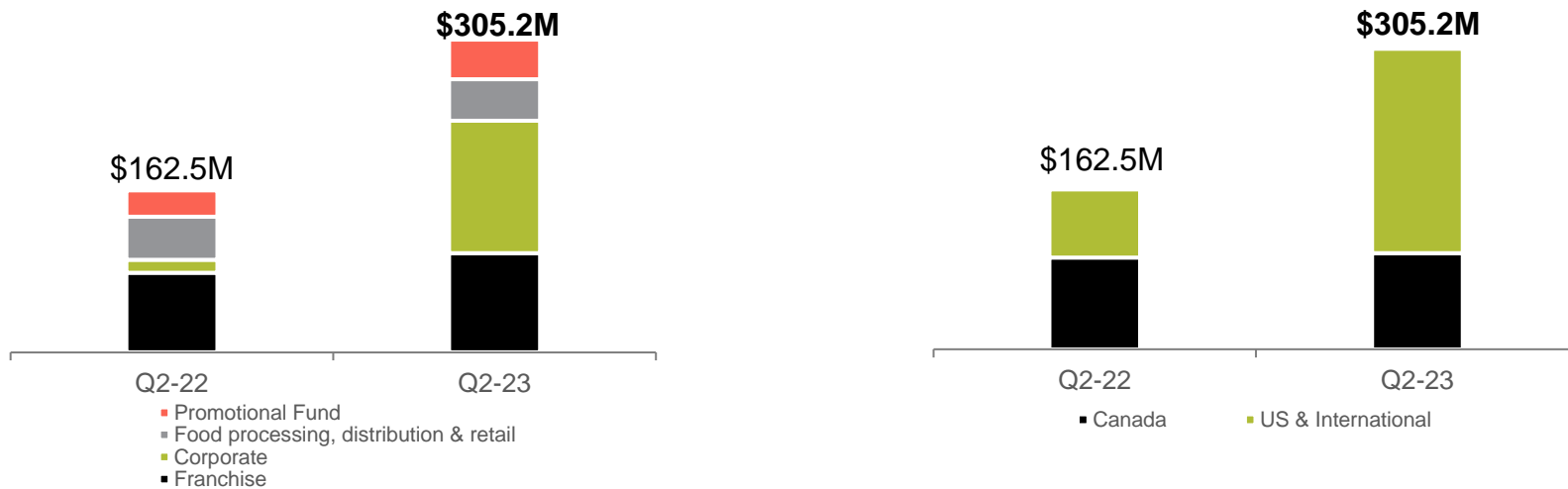
System sales<sup>(1)</sup> fluctuate with the seasons

	Q1 Dec-Jan-Feb	Q2 March-Apr-May	Q3 June-July-Aug	Q4 Sept-Oct-Nov
	Winter	Spring	Summer	Fall
Sales for Frozen treats & smoothies	SOFT	STRONG	STRONGEST	SOFT
Sales for Papa Murphy's	STRONG	STRONG	SOFT	STRONGEST
Sales for Wetzel's	STRONGEST	SOFT	STRONG	SOFT
	<p>Food court sales are higher during December because of Holiday shopping</p> 		<p>Higher street front sales</p> <p>Higher sales from food courts</p> 	<p>Halloween is the biggest sales day for Papa Murphy's</p> 

(1) This is a supplementary financial measure. Please refer to page 3 of this presentation.

## Q2-23 REVENUES INCREASE MAINLY DUE TO ACQUISITIONS

Acquisitions of BBQ Holdings, Wetzel's Pretzel and Sauce Pizza and Wine contributed to the increases in revenue for franchise operations and corporate restaurants in the US and International segment of 35% and 2,306%, respectively

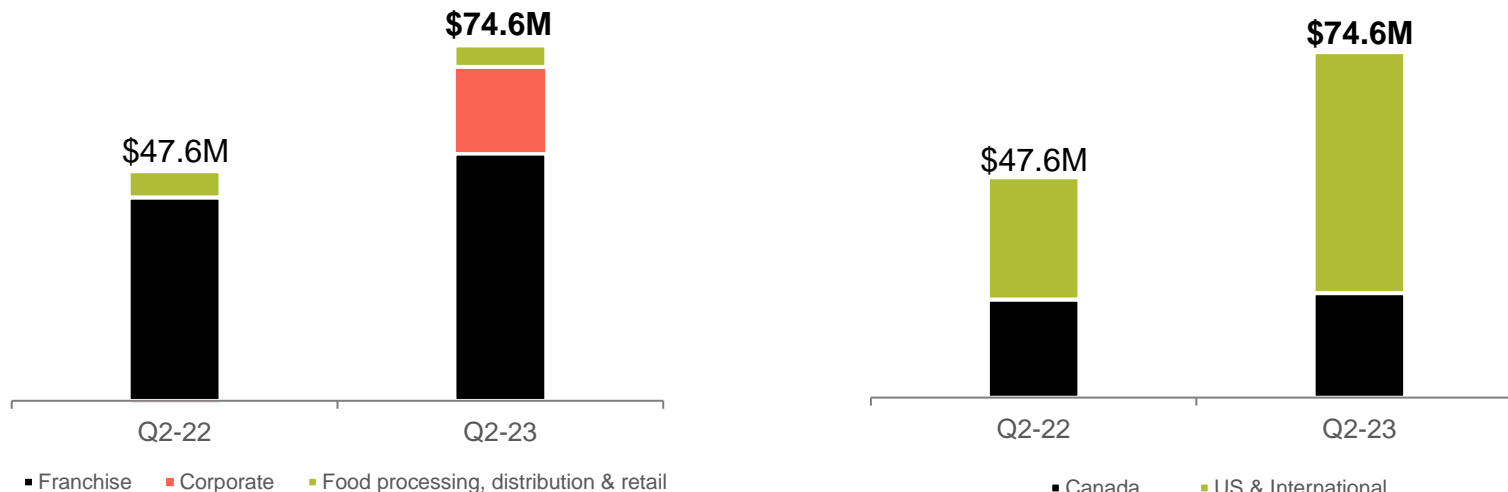


Note: Revenues include interco.



## Q2-23 NORMALIZED ADJUSTED EBITDA<sup>(1)</sup> INCREASED

**Normalized adjusted EBITDA<sup>(1)</sup> increased 57% year-over-year in Q2-2023 on the strength of recent acquisitions in the US and higher customer traffic in Canada. Normalized adjusted EBITDA as a % of revenue<sup>(2)</sup> was 24% in Q2-2023.**

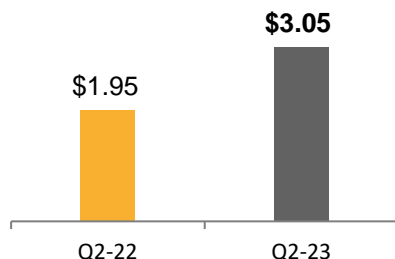


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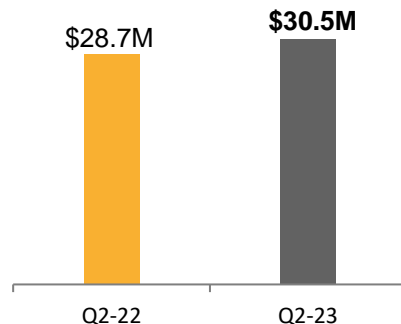
(2) This is a non-GAAP ratio. Please refer to page 3 of this presentation.

# Q2-23 METRICS

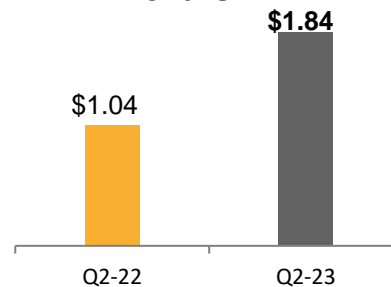
## Normalized Adjusted EBITDA/share<sup>(1)</sup>



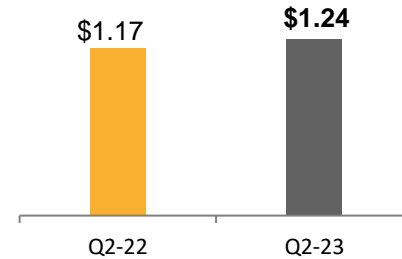
## Net income



## FCF<sup>(2)</sup>/ diluted share<sup>(1,3)</sup>



## Net income / diluted share



**FCF/diluted share improved on higher normalized adjusted EBITDA and favourable working capital variation, partially offset by higher interest paid and increased CAPEX**

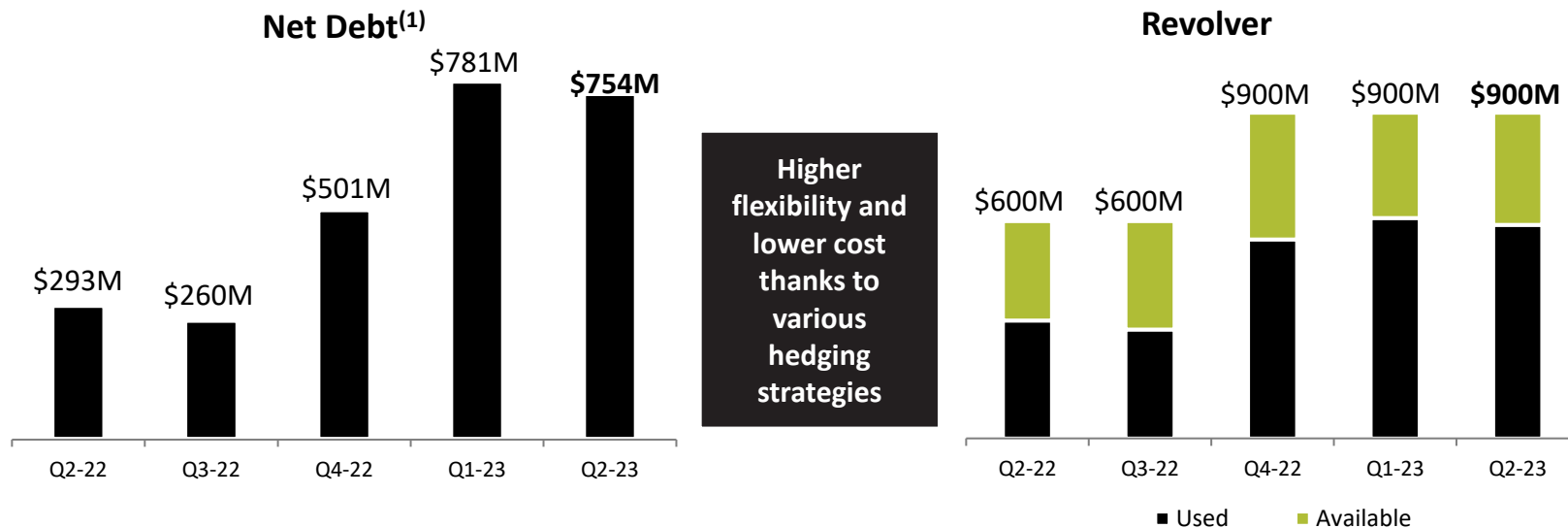
(1) This is a non-GAAP ratio. Please refer to page 3 of this presentation.

(2) This is a non-GAAP measure. Please refer to page 3 of this presentation.

(3) F2022 amounts have been restated to reflect a reclassification between cash flows provided by operating activities and the effect of foreign exchange rate changes on cash.

## Q2-23 HEALTHY FINANCIAL POSITION

**MTY has a healthy cash on hand balance of \$62.6M and \$98M available on its credit facilities**



(1) Net debt represents total long-term debt net of cash

# VALUATION CONUNDRUM

Bloomberg & Factset do not account for subleases which significantly overstates our valuation

Calculations based on Q2-23 data (in thousand except stock price)	Bloomberg / Factset	MTY
Stock price as at May 31, 2023	\$57.46	\$57.46
# shares	24,413	24,413
Market cap.	\$1,402,771	\$1,402,771
LTD	804,717	804,717
Current LTD	11,491	11,491
(less cash)	(62,596)	(62,596)
<b>Net debt (excl. leases)</b>	<b>\$753,612</b>	<b>\$753,612</b>
Lease liabilities	411,318	411,318
Current lease liabilities	114,986	114,986
<b>Net debt (incl. leases)</b>	<b>\$1,279,916</b>	<b>\$1,279,916</b>
Finance lease receivables	n/a	253,115
Current finance lease receivables	n/a	82,848
<b>Total finance lease receivables</b>	<b>n/a</b>	<b>\$335,963</b>
<b>Net debt</b>	<b>\$1,279,916</b>	<b>\$943,953</b>
<b>Enterprise value</b>	<b>\$2,682,687</b>	<b>\$2,346,724</b>
LTM Normalized Adjusted EBITDA	242,673	242,673
LTM FCF	149,892	149,892
<b>EV / Normalized Adjusted EBITDA</b>	<b>11.1X</b>	<b>9.7X</b>
<b>EV / FCF</b>	<b>17.9X</b>	<b>15.7X</b>



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