



FOR IMMEDIATE RELEASE

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**MERITAGE REPORTS 2022 FULL-YEAR PRELIMINARY RESULTS;
2023 OUTLOOK: TRANSFORMATIONAL GROWTH AHEAD**

GRAND RAPIDS, Michigan, February 14, 2023. Meritage Hospitality Group Inc. (OTCQX: MHGU), the nation's premier franchise restaurant operator, today reported preliminary financial results for the fiscal year ended January 1, 2023.

2022 Full-Year Highlights:

- **Sales increased 8.5% to a record \$626.0 million compared to \$577.1 million last year.**
- **Earnings from Operations were \$14.0 million compared to \$18.1 million last year.**
- **Net Earnings were \$9.1 million compared to \$18.2 million last year. The 2022 fiscal year included one-time charges of \$7.6 million associated with pre-opening, closing and disposition costs versus \$4.0 million last year.**
- **Consolidated EBITDA (a non-GAAP measure) was \$36.5 million compared to \$47.5 million last year.**

“Sales increased \$48.9 million, driven by new store openings and strategic restaurant price increases aimed at offsetting high commodity and wage inflation experienced throughout the industry last year. Adjusting for one-time expenses, we had a solid year, highlighting the strength and resilience of our Wendy's restaurants. During the year, we took advantage of store closures in several sub-optimal trade areas inherited from prior acquisitions. These strategic closures benefit and position the Company for stronger earnings growth going forward, as reflected in the earnings outlook for 2023. Our restaurant operations and real estate development teams continued to execute at the highest standards, including a strong development pipeline for new locations” stated Meritage CEO, Robert E. Schermer, Jr.

Looking ahead to 2023, the Company is forecasting robust earnings growth, driven by new store openings and operating margin improvements throughout the year as cost inflation moderates. In conjunction with our growth plans, we recently signed a purchase agreement on an acquisition projected to close in the second quarter. Today the Company has a record number of new restaurant projects entitled for development and we look forward to opening the newly designed Wendy's Global Next Gen restaurants. The new building design includes a fully modernized technology architecture with the ability to introduce voice AI and cloud technologies, new data management and restaurant level analytics tools. In addition, our recently opened Taco John's restaurants are delivering very impressive sales for a newly introduced brand. Company growth plans include developing approximately 15 new Taco John's locations in 2023.



The Company remains the only publicly traded company associated with the privately held Taco John's franchise, providing investors with a unique investment means to participate in the Taco John's national growth story.

Fourth Quarter 2022 Highlights:

- **Sales increased 7.4% to \$159.4 million compared to sales of \$148.5 million for the same period last year.**
- **Earnings from Operations were \$0.80 million compared to \$1.4 million for the same period last year.**
- **Net Income (loss) was \$(0.70) million compared to \$3.0 million for the same period last year.**
- **Consolidated EBITDA (a non-GAAP measure) was \$4.8 million compared to \$9.8 million for the same period last year.**

2023 Full-Year Outlook: Transformational Growth Ahead.

- **Sales growth of +10% to +15%**
- **Earnings from Operations growth of +115% to +125%**
- **Net Earnings growth of +75% to +100%**
- **EBITDA growth of +30% to +40%**
- **Dividend growth +55% to +65%**

The Company continues to leverage its world-class operating platform, unique in-house restaurant development expertise and investments in digital technology to build the best-of-class QSR brands focused on quality, convenience, and affordability.

About the Company

Meritage Hospitality Group is the nation's premier restaurant operators, currently with 356 restaurants in operation located in Arkansas, Connecticut, Florida, Georgia, Indiana, Massachusetts, Michigan, Missouri, Mississippi, North Carolina, South Carolina, Ohio, Oklahoma, Tennessee, Texas, and Virginia. Meritage is headquartered in Grand Rapids, Michigan, operating with a workforce of approximately 11,000 employees. At fiscal year-end 2022, the Company had total weighted average fully diluted common shares outstanding of 8,694,296.

The Company's current and publicly available information pursuant to amended SEC Rule 15c2-11 and FINRA Rule 6432 can be found at www.otcmarkets.com, under the stock symbol MHGU/Disclosures or the Company's website, www.meritagehospitality.com.

SAFE HARBOR STATEMENT

Certain information in this new release, particularly information regarding future economic performance and finances, and plans, expectations and objectives of management, constitutes forward-looking statements. Factors set forth in our Safe Harbor Statement, in addition to other possible factors not listed, could affect the Company's actual results and cause such results to differ materially from those expressed in forward-looking statements. Please review the Company's Safe Harbor Statement at <http://www.meritagehospitality.com>.

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